

PROJECT INFORMATION DOCUMENT (PID)
ADDITIONAL FINANCING

Report No.: 95229

Project Name	GZ - Southern West Bank Solid Waste Management Project – Additional Financing (AF) (P154102)
Parent Project Name	GZ - Southern West Bank Solid Waste Management Project (P105404)
Region	MIDDLE EAST AND NORTH AFRICA
Country	West Bank and Gaza
Sector(s)	Solid waste management (92%); Sub-national government administration (8%)
Theme(s)	Pollution management and environmental health (10%); Municipal governance and institution building (10%); City-wide Infrastructure and Service Delivery (80%)
Lending Instrument	Investment Project Financing (GRANT)
Project ID	P154102
Parent Project ID	P105404
Borrower(s)	Palestine Liberation Organization
Implementing Agency	Joint Services Council for Hebron and Bethlehem
Environmental Category	A-Full Assessment
Date PID Prepared/Updated	07-Mar-2015
Date PID Approved/Disclosed	
Estimated Date of Board Approval	31-Mar-2015
Appraisal Review Decision (from Decision Note)	18-Mar-2015
Other Decision	

I. Project Context

The Public Health and Management Challenges: Unsanitary and uncontrolled disposal of solid wastes has been a serious public health and environmental hazard of great concern to the Palestinian people in the West Bank and Gaza. It is a substantial threat to public health as a result of random and unsanitary dumping and burning causing air pollution, potential infiltration of polluted leachate in the water supply aquifers, damage to valuable agricultural land and natural landscape, and a habitat for breeding vector-transmitted diseases. The deterioration of the solid waste management services is a part of a general degradation in the financial ability and institutional capacity of local governments to manage public services. Despite the difficulty in identifying suitable sites for sanitary landfills within the Palestinian Authority (PA) administered area, a sanitary landfill has already been constructed covering the northern West Bank and a second sanitary landfill is being designed for the middle West Bank, while this proposed project is aimed at establishing the third sanitary landfill for the southern

West Bank region to complete the coverage of the entire West Bank.

Institutionally, there are several central and local agencies involved in the solid waste management at different levels. These agencies are represented by the Ministry of Local Government (MOLG) which regulates and oversees local governments performance¹, the Ministry of Planning (MOP) which is responsible for overall development and national and regional planning including that related to siting of large infrastructure such as new landfills, the Environment Quality Authority (EQA) who is responsible for ensuring environmental protection through regulating, licensing and monitoring major pollution sources including landfill sites²; and finally the local governments represented by the municipalities and village councils which are responsible for municipal solid waste management including collection and disposal. Despite the clear delineation of responsibilities and mandates, these institutions lack the financial and technical means to implement development and service delivery plans as well as enforcement of laws and regulations.

Not until recently, the overall situation of solid waste management (SWM) in the proposed project area, namely the southern West Bank covering Bethlehem and Hebron governorates, was below acceptable standards. However the situation has much improved with technical and financial support provided through the Southern West Bank Solid Waste Management Project (SWMP) financed by the World Bank and its financing partners. Today, the local governments in the Southern West Bank have a strong institutional framework and collaborating under the umbrella of the Joint Services Council for Hebron and Bethlehem Governorates (JSC-H&B) established in 2009 to address the solid waste management services. A modern infrastructure for proper disposal of solid waste in the form of sanitary landfill and associated transfer stations are in place and operational.

Deteriorating environment health quality: In the absence of evidence on vector transmitted diseases resulting from poor SWM practices in the project area, the waste picking and scavenging practices at the Yatta dumping site signal a possible deterioration in public health. In 2009, 80 waste pickers were identified at the Yatta dumpsite with age ranging between 10 and 40 years who could have been at risk and could extend such risk to their own families and communities. Today, all wastepickers have been provided with alternative livelihoods that were identified jointly with the JSC-H&B and financed through the Deprived family Economic Enhancement Program (DEEP) financed by the Islamic Development Bank and implemented by the United Nations Development Program.

Deteriorating solid waste management (SWM) service quality. In 2009, the municipal services quality particularly related to waste collection and disposal were at unacceptable levels. Today, the service quality continues to improve including a more efficient system for collection. The job is not yet complete as the cultural and behavioral change requires time. The locals will need to cooperate with the service providers in realizing a situation of waste separation and reduction at the household level.

Scale – efficiency for SWM. Solid waste management costs generally cover planning, capital investments, operating, maintenance and monitoring. For such systems to operate effectively, adequate equipment and facilities must be provided. However, limited Local Governments revenue tends to focus on labor costs and the purchase of consumables. As a result, equipment are poorly maintained and have become too old and inadequate to provide reliable service. It is also often the case that municipalities practice unsafe disposal by open dumping and burning techniques to reduce disposal cost. Specifically to southern West Bank, the small population size of municipal areas together with high waste management cost including that at the landfill makes it impossible to deliver this service economically and efficiently independently (currently the cost of SWM service at selected municipalities in

¹ As mandated by the Local Government Law of 1997.

² As mandated by the Environment Protection Law of December 1999.

Bethlehem and Hebron comprises between 11 and 27 percent of their annual budget).

The situation is gradually changing with already a JSC-H&B established and operational. This collaboration between the LG is enabling cost sharing of SWM in Bethlehem and Hebron governorates, representing good practice and one step in the right direction. Already, economy of scale to become financially and operationally efficient is being witnessed.

Palestinian Authority Strategy and Commitment: The PA has long identified SWM as one of its key developmental priorities, and the current SWMP and Yatta dumpsite closure are key components of this strategy. In fact, SWM was listed in the last two PA development plans and prepared presented to the donor community for financial support as well as the National Strategy for Solid Waste Management in the Palestinian Territories (2010 – 2014).

The PA's 2006-2008 Medium-Term Development Plan highlights the importance of SWM under three main pillars as follows:

- Strengthening the municipal service delivery capacity by enhancing the management and financial capabilities of local governments
- Encouraging municipalities to establish joint services councils as regional institutions for the delivery of SWM services to realize economies of scale, and
- Establishing three regional sanitary landfill sites to effectively service the entire West Bank³

Similarly, the PA's 2008-2010 Reform and Development Plan highlights SWM as priorities under two of its four themes:

- *Safety and security:* Improved regulation of utilities, maintenance of the transport, water and electricity networks, and better solid, liquid and hazardous waste management to achieve a material impact on public safety, and
- *Enhanced quality of life:* Improving the regulation and management of public and private sector utilities, maintenance of the transport, water and electricity networks, better waste management, provision of affordable housing, and provision of public recreational and cultural facilities to make a major contribution to improving the daily lives of citizens.

The project is also linked to the National Strategy for Solid Waste Management (2010 – 2014) and endorsed by the Council of Ministers through a Decree No. 13/45/05 in May 2010. The project supports all eight (8) strategic objectives with a focus on the Southern West Bank (comprising about one third of the West Bank geographic area and about 40% of its population).

Further, the PA Ministries of Planning (MOP), Finance (MOF), and Local Government (MOLG), the Environment Quality Authority (EQA), and key municipalities (and participating Village Councils) in the southern West Bank region have demonstrated their strong commitment to jointly addressing the deficiencies in the solid waste management in the southern West Bank as priority. To this end, the MOLG issued three important decrees during 2006-07: the first dated March 2nd, 2006 establishing the Bethlehem JSC for solid waste management; a similar decree dated May 30, 2007 establishing the Hebron JSC for solid waste management; and a third decree dated July 12, 2007 establishing the H&B JSC. These two major southern municipalities are the core of the JSC-H&B, the key implementing agency of SWMP. The PA's commitment to the project objectives remains to date. During the

³ As the 2009 SWMP PAD notes, the PA planned 3 major new regional SWM initiatives in the West Bank: the first Bank-supported regional system in Jenin, serving the northern West Bank; a second regional system to serve the middle areas; and a third regional system to serve the southern West Bank, i.e., SWMP!

pre-appraisal mission of the Additional Financing (March 2 – 5, 2015), the Ministry of Local Government issued a strong letter of commitment to the Bank stressing that it will not tolerate any noncompliance by the municipalities in the Southern West Bank with the decisions to close the illegal dumpsite. This letter was also disseminated to all municipalities for their information and compliance. The local newspapers also included a similar statement in their publications dated March 5, 2015. As part of due diligence, the pre-appraisal mission also featured a visit to a closed dumpsite in Obeidiya (east of Bethlehem Governorate) which confirmed its closure and no fresh waste has been deposited. As part of the continued monitoring, EQA staff will continue to conduct quarterly visits to closed dumpsites to ensure the full closure.

The highly positive SWMP implementation evidence to date (see below) indicates that PA and the participating municipalities are strongly committed to their sector strategy!

II. Project Development Objective(s)

A. Current Project Development Objectives - Parent

The original / parent Southern West Bank Solid Waste Management Project's (SWMP) objectives are to support about 33 municipalities and joint services council's members of the Joint Services Council for Hebron and Bethlehem governorates (JSC-H&B) in improving their solid waste disposal services through provision of a socially acceptable and environmentally friendly system. Since the PA is in process of considering the amalgamation of local governments into JSCs or larger municipalities, the coverage of the SWMP would not be affected.

The project development objective would be accomplished through (i) strengthening the joint services council administrative and technical capabilities for a cost-effective management of the waste disposal services, (ii) improving the wastes disposal services through provision of a transfer station and a sanitary landfill facility, and (iii) a public awareness campaign for promoting waste minimization, resource recovery and cost recovery for financial viability.

The objective of this Additional Financing (AF) is to provide additional funding towards achieving the same objectives of the Parent project.

The key performance indicator for the AF would be measured by the final sanitary closure of the Yatta dumpsite.

III. Project Description

The AF contributes to one specific activity identified by parent project scope's related to subcomponent (2.e) Civil Works: towards clean-up and rehabilitation of Yatta dump site. Now that the new sanitary landfill is constructed and operational. The proposed AF will finance the sanitary closure of the last remaining dumpsite at Yatta.

The following is the description of the parent project:

Component 1. This Component consists of three parts as described below:

- a. *Capacity Building for the HJSC⁴*. The HJSC and its TOU is a new organization and its members need to develop: an understanding of the solid waste services and administration including definition and accountability of roles and responsibilities of the Council and the

⁴ Same as Joint Services Council for Hebron and Bethlehem (JSC-H&B)

TOU; basic skills on the management functions of solid waste such as administration and finance, planning, environmental and social aspects, and setting policy for efficient, effective and sustainable service; and on public awareness and consultation to seek the cooperation of the beneficiary population in the making and application of policy decisions. The TOU will also need training primarily on the job and technical assistance on some specific aspects of the management functions entrusted to it. The capacity building would be implemented with the assistance of individual consultants who will be hired as advisors to the Council and TOU as described in the attached Scope of Services. The capacity building in addition to on-the-job training would include workshops and study tours to nearby countries. The consultants would arrange, plan and launch study tours within the West Bank and to a nearby country such as Jordan for council members and senior TOU management staff.

- b. *Capacity Building for EQA:* Technical staff of EQA would need training on environmental monitoring planning, field inspection and testing, analysis and reporting on solid waste operations (landfill and transfer stations) including the monitoring of dump sites closures. The training would be provided by consultants contracted under the project (see component 2) for environmental monitoring.
- c. *Public Awareness Campaign.* The proposed project will benefit from the material already prepared for and experience gained in the public awareness campaign designed and delivered for the Northern West Bank Solid Waste Environmental Management Project (SWEMP) currently in operation. This component includes the cost of reproducing such material and the cost of disseminating it.

Component 2. This component would support construction of a new sanitary landfill facility and a transfer station, the closure of 17 dump sites plus several small sites scattered randomly in Hebron and Bethlehem governorates, and the implementation of the EMP. A detailed description is given below:

- a. Civil works: for the construction of a sanitary landfill facility located at Al-Minya site and consisting of construction of two out of four cells with a sealed bottom consisting of multi-barrier layers and leachate drainage system and treatment facility including a return pumping station and piping with spray discharge to the landfill cells, site fencing and main entrance gate and sign, on-site paved service roads, surface drainage system and site lighting, weight bridge station including a control room, administration building, paved parking areas, storage and maintenance workshop, stand-by power generator and electrical switch gear, a water storage tank, a gas station including an underground fuel storage tank, a paved container parking area, vehicle wheels cleaning area, on-site wastewater septic tank disposal system, and related off-site infrastructure (rehabilitation of existing access road and construction of a new section of by-pass road, power and water supply, and telecommunication service line as required;
- b. Civil works: for the construction and installation of waste compactors for Hebron Transfer Station;
- c. Civil works: for the construction and installation of an existing waste recycling plant (owner-supplied equipment) at Al-Minya landfill;
- d. Equipment: i) supply of operational equipment for the landfill (bulldozers, compactors and loaders); ii) supply of transfer station waste containers and waste container hauling vehicles;
- e. Civil Works : towards clean-up and rehabilitation of Yatta dump site for use during construction and closure of all 17 dump sites by end of construction period;
- f. Technical Assistance: towards operational management contract for the landfill and transfer station; and

- g. EMP/ARAP implementation. Please note (below) that the additional finance project does not trigger OP 4.12, thus this refers to the parent project only. ARAPs prepared under the parent project have delivered agreed upon compensation and mitigation to project affected people.

Component 3. This component would support studies and implementation of small-scale recycle projects:

- a. A study of waste collection optimization at local government level and the feasibility and design of small-scale projects for waste reduction, waste recovery for recycling and composting; and
- b. Implement small-scale recycle and composting projects. This would consist of : (i) technical assistance to plan and organize waste pickers into commercially-viable service organizations including launching such operations for a period of at least one year, which would be extendable as needed; and (ii) investments required to launch such small businesses including the cost of goods, salaries of waste pickers, transport and administrative expenses (rent of office space, office equipment, communication and supplies)for a period of one year, which would be extendable as needed. The total cost for this component is estimated at about.

Component 4. This component includes project management consisting of:

- a. The incremental operation costs (on a declining rate from 100% in Year 1 to 50% in Year 5) of the HJSC Technical Operations Unit (TOU) to enable project implementation such as: salaries of contracted TOU staff, office rental and utilities, communication, procurement related expenditures, printing and supplies, maintenance of office equipment, training of TOU staff and travel cost associated with project implementation and training; and
- b. A contract with a reputable international consulting firm for supervision of construction of the landfill and transfer station has already been satisfactorily completed.

IV. Financing (in USD Million)

Total Project Cost:	1.50	Total Bank Financing:	0.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			0.00
Partnership for Water and Urban Development in the West Bank			1.50
Total			1.50

V. Implementation

Since Effectiveness, the project's PDO and implementation progress have both been consistently rated as *Satisfactory*. Also, with the exception of the closure of the old Yatta dumpsite, all project components have been satisfactorily completed and the PDO achieved and often went beyond. As of May 2014 the progress towards achieving the PDO, project implementation, Project Management and Counterpart Funding have been rated *Highly Satisfactory*. Financial Management, Procurement, and Monitoring and Evaluation are rated *Satisfactory*.

To elaborate, the Project is progressing steadily towards full achieving the development objectives, and is likely to surpass its objective by the closing date (now December 30, 2015). This is based on the

following:

- The Project is expected to exceed the target of beneficiaries i.e. The communities and businesses of Bethlehem and Hebron Governorates (around 670,000 inhabitants at Appraisal) as it has accepted proposals to receive solid waste from communities of at least four additional communities part of the Jerusalem Governorate with a population of some 50,000 inhabitants;
- A new sanitary waste management system, a landfill and two transfer stations, have been constructed and moved from partial operation on March 25, 2014 (with 250 tons per day) to full operation (receiving 600 tons per day) since September 1, 2014;
- The new system is fully operational by the international operator (from Greece) that was competitively selected through a Public-Private-Partnership (PPP) transaction with assistance from IFC's advisory services;
- 18 unsanitary dumpsites (16 small dumpsites + 1 Yatta Regional Dumpsite at appraisal) have been sanitarily closed and the areas rehabilitated, and illegal dumping and burning of waste by municipalities has been virtually eliminated;
- All environmental and social safeguards have been fully respected. The two ARAPs prepared for land owners and waste pickers, have successfully delivered to project affected people the agreed upon compensation and mitigation packages. The remaining environmental impact of concern is odor from leachate collected in the leachate pond;
- The JSC-H&B is increasingly adopting and implementing waste recovery concepts towards reducing volume of disposed waste therefore increasing the landfill operational life, increasing the revenues, and providing opportunities to waste-pickers for sustainable livelihood programs these are done through partnering with the local private businesses and agricultural cooperative dealing with plastic recycling and composting of organic waste;
- JSC-H&B continues its successful partnerships with local and international private sector and NGOs; successful waste recovery initiatives are being expanded towards reducing the landfill waste, increasing life of new landfill, generating revenues from selling recovered waste (plastic, metal, paper and cardboard) as well as composing of organic waste; improved municipal SWM fee recovery;
- Through GPOBA funding, the JSC-H&B has adopted a system for monitoring cost recovery and the solid waste management fee structure. In some instances, the JSC-H&B managed to help municipalities achieve 100% cost recovery;
- Mayors and other members of the JSC-H&B continue to be collaborative, and considerable interest is being shown in not only moving beyond safeguarding the new infrastructure but also in ensuring sustainability in delivering better services to the public; and
- There has been increasing public awareness in cooperating in service efficiency improvements and compliance with regulations and timely payments for services.

Rationale for requesting Additional Financing

The sanitary closure of the Regional Yatta Dumpsite was identified during SWMP appraisal, in addition 16 smaller dumpsites were identified for closure and rehabilitation. At the time, an allocation of US\$2.5 million was made for such purpose. While in fact 18 dumpsites have been completely closed and rehabilitated (2 additional small dumpsites were identified during implementation), the old Yatta Regional Dumpsite was kept open pending completion of

construction and operationalization of the new Project-supported Al-Minya sanitary landfill.

During the January 2014 mission⁵, the task team reviewed and confirmed that the new sanitary landfill at Al-Minya was ready for operations. The team also reviewed the final cost of the landfill construction which was about US\$0.9 million more than the signed contract (US\$8.9 million, up from the US\$8 million estimated at appraisal). The review concluded that this nearly 11% cost increase was acceptable for such a large infrastructure project implemented in a fragile country context. To mitigate the resulting shortage of funds available for Yatta closure, the task team agreed with its counterparts to utilize allocation made for solid waste management sector under the MDTF to support the closure activity. Thus a Grant Funding Request (GFR) was submitted to MDTF in July 2014, and was this approved in October 2014⁶.

The net cost overrun was due to the fact that some parts of the landfill and its related facilities had to be redesigned during construction because they were either oversized or undersized in the original design. This led to both savings and cost increase in some of the items in the original bill of quantities.

Cost savings: The original design called for a layer of shredded tires to be part of the leachate collection system at a cost of US\$0.35 million. Upon assessment of the design by the site engineer and with approval of TOU, a decision was made to eliminate this feature and install only a layer of sand filter which provides sufficient drainage capacity for the leachate. This decision led to a savings of approximately US\$0.35 million.

Cost Increases: During construction it became necessary to modify some parts of the original design to account for unforeseen site conditions and resulted in the cost increase. The items that contributed the most to the increase were the excavation of hard rock material to construct the perimeter road, the landfills cells (Cell 3, Cell 4) and the leachate pond. This work required specialized equipment and is therefore paid at a higher price than the cost to remove soft material. In addition, the total volume of excavation for the landfill was underestimated in the original bill of quantity.

The current balance of the parent funding stand at US\$0.25 million. During AF appraisal, the JSC-H&B expressed its intention to use these funds to address three main activities, including: a) adopt additional techniques to mitigate the foul odor generated by the stagnant leachate at Al-Minya landfill, an issue and concern raised by citizen's living in nearby villages; b) support waste separation initiative by constructing a small scale shelter at Al-Minya landfill site to house waste separation equipment already supplied by a financing partner, an activity that will result in many benefits towards financial sustainability; and c) expand the support to Citizen Engagement activities initiated and financed by the parent project including, establishing the infrastructure for an automated citizen feedback system with a workflow engine and continue the use of different ICT tools already in place (1-700 call-in number; targeted Short text-Messaging-System (SMS); call-out surveys through a privately operated Call-Center;

⁵ Please refer to Southern West Bank Solid Waste Management Project (P105404), Supervision Mission (January 22 – February 1, 2014), Aide Memoire

⁶ GFR was approved for an amount of US\$1.25 million. During appraisal, the amount that will be needed for implementing the proposed activities amounted US\$1.5 million since co-financing from the parent SWMP will no longer be possible.

interactive website; Facebook, etc.). The appraisal also reconfirmed the needed financing of US\$1.50 million to support the sanitary closure of the Yatta dumpsite. The details of such support is presented in the Technical Analysis below.

The land use around the Yatta dumpsite is primarily agriculture and the rehabilitation of this site will contribute to the protection of this fertile land and eliminate light waste from reaching the farms by strong wind. During stakeholder consultations, several options were discussed for post closure use. One idea is converting it into a public park while another is to explore generating electricity from landfill gas. Considering the limited resources on hand no decision has been made yet. Post Yatta dumpsite closure activities are neither part of the parent nor this additional financing project. The Joint Services Council for Hebron and Bethlehem (JSC-H&B) is fully aware that should financing is made available in the future a gas to energy scheme will require detailed technical and safeguards studies to ensure its financial and economic feasibility and benefits. Furthermore such scheme would be conducted through a Public Private Partnership modality considering the limited municipal experience in this area.

Many of social benefits have already been realized at the Yatta dumpsite including: improvement of the waste pickers livelihoods through identifying and delivering alternative income activities and allowing under age pickers to return to vocational school, improvement of quality of life at neighboring villages by reducing pollution caused by burning of waste and flying waste from trash trucks and illegal dumpsites itself.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	X	
Natural Habitats OP/BP 4.04		X
Forests OP/BP 4.36		X
Pest Management OP 4.09		
Physical Cultural Resources OP/BP 4.11	X	X
Indigenous Peoples OP/BP 4.10		X
Involuntary Resettlement OP/BP 4.12		X
Safety of Dams OP/BP 4.37		X
Projects on International Waterways OP/BP 7.50		X
Projects in Disputed Areas OP/BP 7.60		X

Comments (optional)

VII. Contact point

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