



The World Bank

Gaza Solid Waste Management Project (P121648)

REPORT NO.: RES50941

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RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING

OF
GAZA SOLID WASTE MANAGEMENT PROJECT

APPROVED ON MARCH 31, 2014

TO

PALESTINE LIBERATION ORGANIZATION (FOR THE BENEFIT OF THE PALESTINIAN AUTHORITY)

URBAN, RESILIENCE AND LAND

MIDDLE EAST AND NORTH AFRICA

Regional Vice President:	Ferid Belhaj
Country Director:	Kanthan Shankar
Regional Director:	Ayat Soliman
Practice Manager/Manager:	Jaafar Sadok Friaa
Task Team Leader(s):	Phoram Shah, Christopher T. Pablo



I. BASIC DATA

Product Information

Project ID P121648	Financing Instrument Investment Project Financing
Original EA Category Full Assessment (A)	Current EA Category Full Assessment (A)
Approval Date 31-Mar-2014	Current Closing Date 30-Jun-2022

Organizations

Borrower Palestine Liberation Organization (for the benefit of the Palestinian Authority)	Responsible Agency Municipal Development and Lending Fund
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Project Development Objective (PDO)

Original PDO

The objective of this project is to improve solid waste management services in the Gaza Strip.

Current PDO

To improve solid waste management services in the Gaza Strip through provision of more efficient, environmentally and socially sound waste management systems.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
TF-B3582	28-Aug-2020	16-Sep-2020	05-Nov-2020	30-Jun-2022	1.00	.41	.59
TF-B3583	28-Aug-2020	16-Sep-2020	05-Nov-2020	30-Jun-2022	1.00	.96	.04
TF-B3584	28-Aug-2020	16-Sep-2020	05-Nov-2020	30-Jun-2022	1.25	.33	.92



TF-16835	24-Apr-2014	24-Apr-2014	09-Jul-2014	30-Jun-2022	10.00	9.16	.84
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Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

A. Project Status

1. The US\$10 million Special Financing grant for the Gaza Solid Waste Management Project (GSWMP) was approved on April 24, 2014 and became effective on July 9, 2014. The original closing date of the grant was November 30, 2019. The project development objective (PDO) is to improve solid waste management services in the Gaza Strip. The project comprises the following components: Component 1: Solid Waste Transfer and Disposal Facilities; Component 2: Institutional Strengthening; Component 3: Primary Collection and Resource Recovery; and Component 4: Project Management.

2. First Restructuring. The project was restructured in April 2018 to address the delays and implementation challenges identified during the mid-term review. The restructuring constituted reallocation of the project funds, revision of the results framework indicators and change in the implementation schedule as well as extension of the grant closing date from November 30, 2019, to November 30, 2020.

3. Additional Financing and Second Restructuring. With the commissioning of the new sanitary landfill and transfer stations in 2019, the operational cost for delivering improved secondary collection and disposal services nearly doubled. To cover this increased operational cost, as well as to cover the financing gap incurred for completing the remaining infrastructure activities, an additional finance (AF) in the amount of US\$3.25 million (US\$2 million from the Global Partnership for Results-Based Approaches (GPRBA) in two separate grants of US\$1 million each, and US\$1.25 million from the Partnership for Infrastructure Development Multi-Donor Trust Fund [PID-MDTF]) was provided to the project. The grant closing date was also extended from November 30, 2020, to June 30, 2022. The additional assistance provided the Joint Services Council for Khan Younis, Rafah, and Middle Area (JSC-KRM) sufficient time and incentives to improve service quality and to improve cost recovery from the baseline of 50 percent in 2020 to 76 percent in 2022. In addition, the PDO was revised to improve solid waste management services in the Gaza Strip through the addition of through the provision of more efficient, environmentally and socially sound waste management systems.

4. Progress towards Achievement of the PDO and Implementation Progress are rated Satisfactory. As of April 27, 2022, US\$10.85 million (81.87 percent) of the total US\$13.25 million grant had been disbursed. The project has achieved the end targets of most PDO and intermediate level results indicators (please refer to paragraph 11).

5. Implementation of the result-based activities supported under the US\$2 million GPRBA grants is progressing well. JSC-KRM achieved all the performance-based indicators in three consecutive semi-annual reporting periods, as verified periodically by the Independent Verification Agent (IVA). Of the total US\$1.7 million results-based payments



allocated across the four payment periods, US\$1.35 million has been disbursed and the JSC is on track to achieve the fourth and final payment by the scheduled grant closing date of June 30, 2022.

6. The project is in compliance with Bank fiduciary and safeguard policies, and with grant covenants. There are no overdue audit reports.

7. The status of the implementation of each project component is summarized below:

(a) Component 1: Solid Waste Transfer and Disposal Facilities (US\$8.58 million). Key activities supported under this component include: (i) construction of a new sanitary landfill at Sofa Al-Fu khari (completed); (ii) rehabilitation of the access road to the landfill and construction of transfer stations (completed); and (iii) sanitary closure of dumpsites in the project service area and installation of leachate pre-treatment system at the landfill (ongoing); and (iv) supply of landfill & transfer station equipment (completed). All activities and associated contracts under Component 1, except for the closure of dumpsites and leachate pre-treatment system, have been successfully completed. Implementation of the plans for dumpsite closure and leachate pre-treatment systems is currently underway, albeit with significant delay (see the section on Rationale for Project Restructuring, below).

(b) Component 2: Institutional Strengthening (US\$0.72 million). Key activities supported under Component 2 include institutional strengthening support to the JSC's Technical Operational Unit (TOU), trainings, development of strategies, establishment of JSC byways and administration of new service contracts, the establishment of the Grievance Redress Mechanism (GRM), and Gender and Citizen Engagement (CE) outreach activities. Most of the activities and contracts under this component have been completed, while the GRM, Gender and CE activities are on track and will continue through project completion.

(c) Component 3: Primary Collection and Resource Recovery (US\$0.04 million). Key activities supported under this component include: (i) optimization of primary collection and transportation of solid waste in project targeted areas; (ii) waste recovery; and (iii) elimination of random dumping in the project targeted area. All activities and contracts under this component have been completed and have been handed over to the beneficiary.

(d) Component 4: Project Management (US\$3.91 million). This component provided: (i) project management support for the Municipal Development Lending Fund (MDLF) to maintain adequate staff for environmental, social safeguards and fiduciary aspects (ongoing); (ii) periodic audits (ongoing); (iii) operation and maintenance (O&M) support that included (a) hiring of a consultant for establishing Standard Operating Procedures (SOPs) and training of the JSC staff (completed), and (b) provision of results-based/performance based payments for JSC-KRM for improved solid waste services and financial performance indicators (ongoing); and (iv) a study on Beneficiary Impact Assessment (completed).

B. Rationale for Project Restructuring

8. An extension of the grant closing date by six months (to December 31, 2022) is required for the completion of ongoing project activities, particularly for the three critical infrastructure construction activities related to the closure works at Dair El-Balah and Sofa dumpsites, and the installation of a leachate pre-treatment system at the Al-Fukhari landfill. The implementation of these three contracts is delayed due to the time taken by the Israeli authorities to approve the import of the required construction materials into Gaza and security related work stoppage ordinances at the project site. The remaining time until the current closing date is not sufficient to complete these activities.



9. Completion of the dumpsite closure works at Dair El-Balah and Sofa is essential due to the potential environmental impacts. Failure to complete the dumpsite closures will result in significant environmental and social risks, including odor, pests and the release of dumpsite gases and fires, which will pose health and safety risks on the surrounding communities. Similarly, the environmental risk of not completing the construction and installation of the leachate pre-treatment system at the new landfill site is high, due to the risk of toxic leachate infiltration and groundwater contamination. In addition, the completion of the dumpsite closures will also help to fully achieve the intermediate level indicator “Closure of Existing Dumpsites at Sofa and Dair El-Balah”.

10. The proposed extension of the grant closing date by six months (from June 30, 2022, to December 31, 2022), which the Palestinian Authority (PA) requested in a letter dated April 25, 2022, is expected to facilitate quality implementation and completion of the remaining project activities. It will: (i) allow sufficient time for either obtaining approval from Israeli authorities for material import for the remaining pending items or (b) to develop alternative engineering solutions; (ii) maximize the environmental and social benefits that will accrue from the dumpsite closures and the installation of the leachate treatment system at the landfill site; (iii) enable the remaining project funds to be disbursed for committed contracts; and (iv) ensure quality implementation and proper hand over of the infrastructure for management post-project.

11. The restructuring entails closing date extension of two grants: TF-016835 and TF-0B3584. The proposed extension will result in the cumulative extension of the original grant (TF-016835) closing date by 37 months from the original date at Board approval. The project restructuring also entails a first-time closing date extension of the PID-MDTF trust fund (TF-0B3584), which was approved in September 2020 as part of an additional financing provided to GSWMP. Consistent with the proposed project closing date extension, the end target dates of PDO Indicator 4 (Contaminated land managed, or dumpsites closed under the project) and associated intermediate level indicator: “Closure of Existing Dumpsites at Sofa and Dair El-Balah” will be revised.

12. The overall risk rating of the restructured project remains unchanged as High. While the performance of financial management, procurement, and environmental and social management has been rated satisfactory in the past ISRs, the overall risk rating remains “High” due to the overall Substantial and High-risk ratings assigned for Political and Governance, Macroeconomics, Stakeholder and Institutional Capacity for Implementation and Sustainability. The ongoing risk mitigation measures are functioning well and will be continued.

III. DETAILED CHANGES

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
TF-16835	Effective	30-Nov-2019	30-Nov-2020, 30-Jun-2022	30-Dec-2022	30-Apr-2023
TF-B3582	Effective	30-Jun-2022			
TF-B3583	Effective	30-Jun-2021	30-Jun-2022		



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TF-B3584	Effective	30-Jun-2022	30-Dec-2022	30-Apr-2023
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