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WORLD BANK GROUP
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THE WEST BANK AND GAZA

PARTNERSHIP FOR INFRASTRUCTURE DEVELOPMENT (PID)

MULTI-DONOR TRUST FUND (MDTF)

TF071898 AND TF072778

FY21 ANNUAL REPORT

REPORTING PERIOD

JULY 1, 2020 TO JUNE 30, 2021

THE WEST BANK AND GAZA

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Following a decision at the 2018 Oversight Group Annual Meeting, the reporting period is aligned with the World Bank Group fiscal year, July 1 to June 30.

Information is sometimes given in this report on developments that took place after June 30, 2021. This is merely for the sake of completeness and should not be construed as an extension of the reporting period.

Table of Contents

1. The World Bank Group in the West Bank and Gaza 14

2. About the PID MDTF 16

2.1. PID MDTF Structure and Support to the Palestinian Authority 16

2.2. Strategic Priorities and Highlights Looking Ahead 18

2.3. Water Sector 24

2.3.1. Sector Context 25

2.3.2. Urban and Land Sectors 26

2.3.3. Energy Sector 28

2.3.4. Bank-Executed Advisory Services and Analytics 29

2.4. PID MDTF Financial Data 38

2.4.1. Pledges 38

2.4.2. Commitments 40

2.4.3. Disbursements 41

2.4.4. Allocations and Financing Needs 47

3. Country Context 54

3.1. COVID-19 Impact 54

3.1.1. COVID-19 Response: Water Sector 55

3.1.2. COVID-19 Response: Urban and Land Sectors 56

3.1.3.COVID-19 Response: Energy Sector 56

3.2. The May 2021 Conflict 57

3.2.1. Gaza Rapid Damage and Needs Assessment 58

3.2.2. RDNA – Water Sector 60

3.2.3. RDNA – Urban and Land Sectors 63

3.2.4. RDNA – Energy Sector 66

4. Cross-cutting Themes 69

4.1. Gender 69

4.1.1. Targeted gender support to MDP-3 AF 70

4.1.2. Targeted gender support to RERP 73

4.1.3. Gender activities under GSWMP AF 74

4.1.4. Gaps and Opportunities to Link to Regional and Global Programs 75

4.2. Citizen Engagement 75
4.2.1. Water Sector 76
4.2.2. Urban and Land Sectors 76
4.2.3. Electricity Sector 77
4.3. Climate and Resilience 78
4.3.1. Water Sector 69
4.3.2. Urban and Land Sectors 80
4.3.3. Energy Sector 80

5. Sector Reviews 81
5.1. Water Sector 81
5.1.1. Sector Context 81
5.1.2. Sector Risks 83
5.1.3. Progress by Activities 88
5.1.4. Proposed Activity 96
5.2. Urban and Land Sectors 98
5.2.1. Sector Context 98
5.2.2. Sector Risks 101
5.2.3. Progress by Activities 106
5.3. Energy Sector 124
5.3.1. Sector Context 123
5.3.2. Sector Risks 126
5.3.3. Progress by Activities 129

6. Bank-Executed Advisory Services and Analytics 136

7. Program Management, Project Supervision, and Outlook for the PID MDTF 151
7.1. Program and Trust Fund Management Window 151
7.2. Project Supervision Window 151
7.3. World Bank-wide Reform of the World Bank-administered TFs (Umbrella 2.0 Programs) 151
7.4. Fundraising Outlook for PID MDTF 152

Annex 1: PA National Development Plan 2021-2023 - National Priorities, Policies, and Policy Interventions **154**

Annex 2: PID MDTF Results Matrix as of June 30, 2021 **156**

Annex 3: Project Results Report as of June 30, 2021 **159**

Annex 4: TF Financial Contributions as of June 30, 2021 (Pledged and Received) **177**

Annex 5: Distribution of Commitments between the Gaza Strip and the West Bank **178**

Annex 6: Unaudited Trust Fund Financial Reports: TF071898, TF072778 **182**

Annex 7: TF Commitments to the Water, Urban, and Energy Sectors **191**

List of Tables

Table 1: Summary of Results Matrix of Active Projects 24
Table 2: Project Highlights 30
Table 3: PID MDTF Trustee-level Funds 38
Table 4: TF Financial Contributions as of June 30, 2021 (Pledged and Received) 38
Table 5: PID MDTF Child TFs as of June 30, 2021 42
Table 6: PID MDTF Commitments and Allocations (US$) as of June 30, 2021 48
Table 7: Proposed and Upcoming Activities 49
Table 8: Committed/Allocated Funding and Financing Gap (US$, millions) 52
Table 9: Damages and Losses, and Recovery and Reconstruction Needs in PID Sectors (US$, millions) 59
Table 10: Recovery and Reconstruction Needs in the Immediate and Short Term in PID Sectors (US$, millions) 59
Table 11: Independent Assessment of Gender Integration in Active PID Portfolio (FY18–FY21) 69
Table 12: Climate Co-Benefits in Active Project Portfolio (US$, millions) 78
Table 13: Water Sector - Key Project Ratings 87
Table 14: WSDP MPA - Proposed Theory of Change 97
Table 15: Urban and Land Sectors - Key Project Ratings 105
Table 16: Energy Sector - Key Project Ratings 128
Table 17: Distribution of PID MDTF Commitments between the Gaza Strip and the West Bank by Active Project (US$) 178
Table 18: Distribution of Total World Bank Funding Commitments between the Gaza Strip and the West Bank by Active Project (US$) 180
Table 19: Sector Co-financing by Source (US$) 191

List of Figures

Figure 1: PID MDTF Management Structure 17
Figure 2: Pledges by PID MDTF Year 39
Figure 3: PID MDTF Grant Distribution by Window as of June 30, 2021 40
Figure 4: PID MDTF Disbursement by Window as of June 30, 2021 41
Figure 5: PID MDTF Disbursements versus Net Grant Commitments by Sector as of June 30, 2021 47
Figure 6: Improvement in Female Employment Trends by Governorate (May versus October 2020) 71
Figure 7: Water Sector PID MDTF Funding Distribution as of June 30, 2021 86
Figure 8: Water Sector Disbursements in Active Projects as of June 30, 2021 86
Figure 9: AWP-I Disbursement Ratio (US$, millions) as of June 30, 2021 89
Figure 10: Urban and Land Sectors PID MDTF Funding Distribution as of June 30, 2021 104
Figure 11: Urban and Land Sector Disbursements in Active Projects as of June 30, 2021 104
Figure 12: MDP-3 Disbursement Ratio (US$, millions) as of June 30, 2021 108
Figure 13: GSWMP Disbursement Ratio (US$, millions) as of June 30, 2021 112
Figure 14: LGSIP Disbursement Ratio (US$, millions) as of June 30, 2021 117
Figure 15: RERP Disbursement Ratio (US$, millions) as of June 30, 2021 120
Figure 16: Energy Sector PID MDTF Funding Distribution as of June 30, 2021 127
Figure 17: Energy Sector Disbursements in Active Projects as of June 30, 2021 127
Figure 18: ESPIP Disbursement Ratio (US$, millions) as of June 30, 2021 130
Figure 19: Bank-Executed ASA PID MDTF Funding Distribution as of June 30, 2021 136
Figure 20: Bank-Executed ASA PID MDTF Disbursements as of June 30, 2021 137
Figure 21: Distribution of PID MDTF Commitments between the Gaza Strip and the West Bank by Active Project 179
Figure 22: Distribution of Total Funding Commitments between the Gaza Strip and the West Bank by Active Project 181
Figure 23: Sector Co-financing by Source 192

The Partnership for Infrastructure Development Multi-Donor Trust Fund (PID MDTF) Annual Report is prepared by the World Bank as the administrator of the trust fund. The team wishes to recognize the contributions of the task teams from all the sectors working on projects co-financed by the PID MDTF. A special note of recognition and acknowledgment goes to the government counterparts and development partners for their cooperation and contributions during the life of the trust fund, which have ensured the achievements of the PID MDTF program.

Abbreviations and Acronyms

AA	Administrative Agreement
ACIG	Annual Capital Investment Grant
AF	*Additional Financing*
AFD	Agence Française de Développement
AHLC	Ad Hoc Liaison Committee
APLA	Association of Palestinian Local Authorities
AS	Assistance Strategy
ASA	Advisory Services and Analytics
BWSU	Bulk Water Supply Unit
CE	Citizen Engagement
CMWU	Coastal Municipalities Water Utility
COGAT	Coordinator of Government Activities in the Territories
DISCO	Distribution Company
DLI	Disbursement-Linked Indicator
DP	Development Partner
DPG	Development Policy Grant
EC	European Commission
EIB	European Investment Bank
ESMP	Environmental and Social Management Plan
EU	European Union
FCV	Fragility, Conflict, and Violence
FM	Financial Management
GA	Grant Agreement
GAP	Gender Action Plan
GCDP	Gaza Central Desalination Program
GDP	Gross Domestic Product
GEDCO	Gaza Electricity Distribution Company
GHG	*Greenhouse Gas*
GIZ	German Agency for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit)

GoI	Government of Israel
GPP	Gaza Power Plant
GPRBA	Global Partnership for the Results-Based Approaches
GRM	Grievance Redress Mechanism
HV	High Voltage
IBRD	International Bank for Reconstruction and Development
ICA	Israeli Civil Administration
ICR	Implementation Completion and Results Report
ICUD	Integrated Cities and Urban Development Project
IDA	International Development Association
IEC	Israel Electric Corporation
IFC	International Finance Corporation (World Bank Group)
IGFT	Intergovernmental Fiscal Transfer
IMF	International Monetary Fund
IP	Implementation Progress
IPP	Independent Power Producer
IsDB	Islamic Development Bank
ISR	Implementation Status and Results Report
IWA	Israeli Water Authority
JSC	Joint Service Council
JSC-KRM	Joint Service Council for Khan Younis, Rafah, and Middle Area
JV	Joint Venture
KfW	German Development Bank (Kreditanstalt für Wiederaufbau)
KPI	Key Performance Indicator
LAP	Land Administration Project
LED	Local Economic Development
LG	Local Government
LGSP	Local Government Support Program
LGU	Local Government Unit
LIPW	Labor-Intensive Public Works

LSAPS	Liquidity Support Account and Payment System
LV	Low Voltage
LWSC	Land and Water Settlement Commission
M&E	Monitoring and Evaluation
MCM	Million Cubic Meters
MDLF	Municipal Development and Lending Fund
MDP	Municipal Development Program
MENA	Middle East and North Africa
MIGA	Multilateral Investment Guarantee Agency (World Bank Group)
MIS	Management Information System(s)
MoF	Ministry of Finance
MoLG	Ministry of Local Government
MPA	Multiphase Programmatic Approach
MSMEs	Micro, Small, and Medium Enterprises
MTR	Midterm Review
MV	Medium Voltage
NAP	National Adaptation Plan to Climate Change
NDP	National Development Plan
NDC	Nationally Determined Contribution
NGO	Nongovernmental Organization
NGWMF	North Gaza Wastewater Management Facilities
NGWWTP	North Gaza Wastewater Treatment Plant
NPA	National Policy Agenda
NRW	Non-Revenue Water
NSDI	National Spatial Data Infrastructure
NSPIP	National Service Provider Improvement Program
NWBGS-TF	Norway West Bank and Gaza Support Trust Fund
NWC	National Water Company
ODA	Official Development Assistance
O&M	Operations and Maintenance

PA	Palestinian Authority
PAD	Project Appraisal Document
PDO	Project Development Objective
PENRA	Palestinian Energy and National Resources Authority
PETL	Palestinian Electricity Transmission Company Ltd.
PFM	Public Financial Management
PforR	Program-for-Results
PIC	Project Implementation Consultant
PID MDTF	Partnership for Infrastructure Development Multi-Donor Trust Fund
PIU	Project Implementation Unit
PLA	Palestinian Land Authority
PM&A	Program Management and Administration
PMA	Palestine Monetary Authority
PMIS	Project Management Information System
PMO	Prime Minister's Office
PMSU	Project Management Support Unit
PMU	Project Management Unit
PPE	Personal Protective Equipment
PPP	Public-Private Partnership
PRDP	Palestinian Reform and Development Plan
PURSE	Palestinian Umbrella for Resilience Support to the Economy MDTF
PV	Photovoltaic
PWA	Palestinian Water Authority
RDNA	Rapid Damage and Needs Assessment
RF	Results Framework
RPP	Revenue Protection Program
RWU	Regional Water Utility
SDC	Swiss Agency for Development and Cooperation
SDIP	Strategic Development and Investment Plan
SDP	Strategic Development Plan
SEP	Stakeholder Engagement Plan
SIA	Social Impact Assessment
SIDA	Swedish International Development Cooperation Agency

SLR	Systematic Land Registration
SMEs	Small and Medium Enterprises
SMP	Social Management Plan
SOP	Standard Operating Procedure
SP	Service Provider
SWM	Solid Waste Management
TA	Technical Assistance
TF	Trust Fund
TFGWB	Trust Fund for Gaza and West Bank
ToR	Terms of Reference
TPS	Terminal Pumping Station
UN	United Nations
UNICEF	United Nations Children's Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
VAT	Value Added Tax
VC	Village Council
VNG	International Cooperation Agency of the Association of Netherlands Municipalities
WB&G	West Bank and Gaza
WHO	World Health Organization
WSRC	Water Sector Regulatory Council
WSS	Water Supply and Sanitation
WWTP	Wastewater Treatment Plan
y-o-y	Year-on-Year

Project Acronyms

Acronym	Project Name	Project Number
ASPIRE MPA	Advancing Sustainability in Performance, Infrastructure, and Reliability of Energy Sector in the West Bank and Gaza Multi-Phase Programmatic Approach	P170928
AWP-I	Water Security Development - Gaza Central Desalination Program - Associated Works Phase I Project	P168739
ESPIP	West Bank and Gaza Electricity Sector Performance Improvement Project	P148600
GSWMP	Gaza Solid Waste Management Project	P121648
GSWSP	Gaza Sustainable Water Supply Program	P150494
HRWMP-I	Hebron Regional Wastewater Management Project - Phase I	P117449
LGSIP	Local Governance and Services Improvement Program	P148896
MDP-2	Second Municipal Development Project	P127163
MDP-3	Third Municipal Development Project	P159258
NGEST	Northern Gaza Emergency Sewage Treatment Project	P074595
RERP	Real Estate Registration Project	P168576
WMS	Wastewater Management Sustainability Project	P172578
WSCBP	Water Sector Capacity Building Project	P117443
WSSSIP	Water Supply & Sewage System Improvement Project	P101289

1. The World Bank Group in the West Bank and Gaza

The Palestinian Partnership for Infrastructure Development Multi-Donor Trust Fund (PID MDTF) has evolved to become an integral part of the funding channels applied by the World Bank to support the West Bank and Gaza (WB&G). The PID MDTF complements the other funding sources available to the World Bank Group in the WB&G.

The World Bank Group's involvement in the WB&G dates back to November 1992, when it was asked by the cosponsors of the Middle East Multilateral Peace Talks to lead and support a program of economic assistance for the Palestinian people. The International Finance Corporation (IFC) began investing in the WB&G soon after the Oslo Accords, while the Multilateral Investment Guarantee Agency (MIGA) initiated activities in 1997 with its WB&G Investment Guarantee Trust Fund. The World Bank, IFC, and MIGA work closely together in the WB&G. All three organizations have staff representation in the field office and share office space, facilitating coordination and information sharing.

The Trust Fund for Gaza and West Bank (TFGWB) is the World Bank's core financing vehicle. A dedicated trust fund (TF) was established to enable the World Bank's assistance to the WB&G, since the West Bank and Gaza are neither a member of the International Monetary Fund (IMF) nor of the World Bank Group. A special arrangement was necessary to channel the World Bank's financial assistance that is normally available to member countries, and the TF for Gaza was established on October 19, 1993, by resolution No. 93-11 and International Development Association (IDA) 93-7, with the allocation of US$50 million that was transferred from the surplus of the International Bank for Reconstruction and Development (IBRD). Subsequently, on August 1, 1995, the World Bank Group's Board of Executive Directors increased the TF's territorial scope to cover the area under the jurisdiction of the Palestinian Authority (PA), accordingly renaming the instrument 'TFGWB'. It finances Palestinian programs and projects in private sector development, water, energy, local development, social protection, education, and solid waste management (SWM). MIGA provides political risk insurance through a MIGA WB&G Investment Guarantee Trust Fund.

The TFGWB has received US$1.33 billion from IBRD surplus. An additional US$189.82 million has been received in the TFGWB from investment income, service charges, commitment fees, and repayments, bringing the total TFGWB resources to about US$1.52 billion. As of September 2021, US$1.37 billion has been disbursed. The 20th TFGWB replenishment of US$80 million was approved by the Board of Governors on October 21, 2021, in the context of the 11-day conflict in May 2021 between Israel and the de facto authority in Gaza where critical infrastructure, business, and housing were damaged or destroyed and large numbers of injuries and fatalities recorded. Grants from the TFGWB are made to the Palestine Liberation Organization for the benefit of the PA. The TFGWB activities are viewed as corresponding to the interests of the World Bank member countries. The World Bank Group[1] continues to apply its operational policies and procedures, including safeguards policies, to the administration of the proceeds of the TFGWB. Furthermore, project performance implementation has been satisfactory with on-time disbursements.

1 Throughout this report, 'World Bank Group' will be used in contexts that include IFC and MIGA as well as IDA/IBRD.

A tradition of co-financing in the various sector engagements. Grants from the TFGWB leverage complementary resources of donors, including the PID MDTF. Donors have channeled their support to the PA through the following: (a) the World Bank-administered Palestinian Umbrella for Resilience Support to the Economy (PURSE) MDTF, which was successfully launched in June 2021; (b) the PID MDTF to provide financial and technical support to improve the coverage, quality, and sustainability of infrastructure; (c) the Palestinian Reform and Development Plan (PRDP) MDTF for budget support;[2] and (d) other World Bank-administered TFs, such as the Norway West Bank and Gaza Support Trust Fund (NWBGS-TF) and the Public Financial Management Improvement (PFMI) MDTF, which support critical areas including aid coordination, energy, public financial management (PFM), and social protection.[3]

Continued support to the PA in an adverse overall context. In spite of significant increases in fiscal revenues, the fiscal situation remains fragile due to high public spending and low external financing. The PA's revenues grew by 18 percent in the first eight months of 2021, year-on-year (y-o-y), driven by an improvement in economic activity. Public spending also grew by 18 percent mainly due to an increase in the wage bill following the PA's decision to reinstate the wages of public employees in Gaza to 100 percent in March 2021, up from 70 percent in the past several years. Assuming those trends continue for the remainder of the year and accounting for the decision of the Government of Israel (GoI) to increase its monthly revenue deductions, the PA's deficit is expected to reach US$1.69 billion in 2021. Donor financing is projected to amount to US$184 million—38 percent of what was received in 2020. An advance payment on clearance revenues in the amount of US$153 million (NIS 500 million) provided by the GoI in September 2021 has provided some relief and combined with identified aid, it is expected to reduce the financing need to US$1.36 billion. Efforts by all parties are critical to avoid a crisis as without additional financing (AF) the PA may encounter difficulties in meeting its recurrent commitments toward the end of the year.

To address the challenging financial situation, PA efforts alone will not be enough. Domestic bank borrowing already exceeds the limit set by the Palestine Monetary Authority (PMA), eliminating this financing option going forward. Hence, the PA may be forced to accumulate additional arrears to the private sector, pulling away more liquidity from the market. This will have a drastic impact on the economy and will eventually further reduce revenue generation. The help of development partners (DPs) is required to secure additional funds and raise budget support, which is already low and would only make a partial contribution to the gap. Support from new partners, in addition to traditional donor group, is critical for closing the financing gap. Beyond the immediate priorities, the PA needs to advance the structural reform agenda. Reforms should continue to focus on improving revenues, rationalizing spending, and strengthening governance, including the PFM system. PA reforms should also focus on providing a more conducive environment for the development of the private sector. In this area, the President's recent signing of the new Companies Law and the Telecommunication Law is a critical step in the right direction.

2 The PRDP MDTF closed on August 1, 2021, with its overall disbursement of over US$1.59 billion since 2008. New budget support to the PA under the World Bank's Development Policy Grants (DPGs) is now channeled through the PURSE MDTF upon assurance of satisfactory progress of the PA's reforms in PFM, macro-fiscal stabilization, and private sector development.

3 The activities of the NWBGS-TF and the PFMI MDTF will fold into the PURSE MDTF after their closures in December 2021 and December 2022, respectively.

2. About the PID MDTF

The development objective of the PID MDTF is to improve the coverage, quality, and sustainability of infrastructure in the WB&G through financial and technical assistance (TA) to the PA for infrastructure development, related capacity building, and institutional development in the water, urban development, and energy sectors. The design of the program is intended to support the core principles of sustainability, partnership, client-driven ownership, harmonization, and knowledge building.

A multi-donor programmatic TF, the PID MDTF aims to improve aid efficiency by consolidation of funds under a single funding mechanism using the World Bank's standardized set of financial and project management tools and procedures. The TF provides a fiduciary instrument to streamline financing by DPs of projects and programs defined within the context of the World Bank Group's Assistance Strategy (AS) for the WB&G. The PID is open, programmatic, and multi-donor. The TF co-finances ongoing activities in the water, urban, and energy sectors and supports both recipient-executed and Bank-executed activities.

2.1. PID MDTF Structure and Support to the Palestinian Authority

The PID MDTF predominantly provides co-financing to investment operations implemented by the PA. A small share of the available funding is being allocated for TA and analytical work implemented by the World Bank to underpin and strengthen the ongoing sector policy dialogue. The TF structure reflects these priorities.

The main fund (Trustee Fund[4]) comprises three sectoral windows for co-financing and TA activities in the water, energy, and urban development sectors (parent funds). Disbursing 'child funds' are established for each discrete activity supported under the sector windows. The World Bank signs Grant Agreements (GAs) with the PA for the financing provided through the child funds and supervises disbursements along with implementation progress (IP) for these individual activities. In addition, the PID MDTF comprises a window for the World Bank supervision of recipient-executed projects and a window for program and TF management (see Figure 1).

Within this framework, the TF provides financing for infrastructure projects and programs as well as advisory services and analytics (ASA) activities that the World Bank is supporting in the water, urban development, and energy sectors. The TF operations continue the World Bank's support for the PA's strategic long-term plans for development[5] and are aligned with the two main focus areas of the World Bank Group's FY22–25 AS, that is, (a) strengthening institutions for economic and social prosperity and (b) boosting innovation and diversification for a well-connected Palestinian economy. The objectives to be achieved within the first focus area include (a) strengthening institutions' accountability and transparency, (b) supporting service providers (SPs) to become financially sustainable, (c) achieving better human development outcomes, and (d) strengthening social protection systems to address multi-dimensional poverty. The

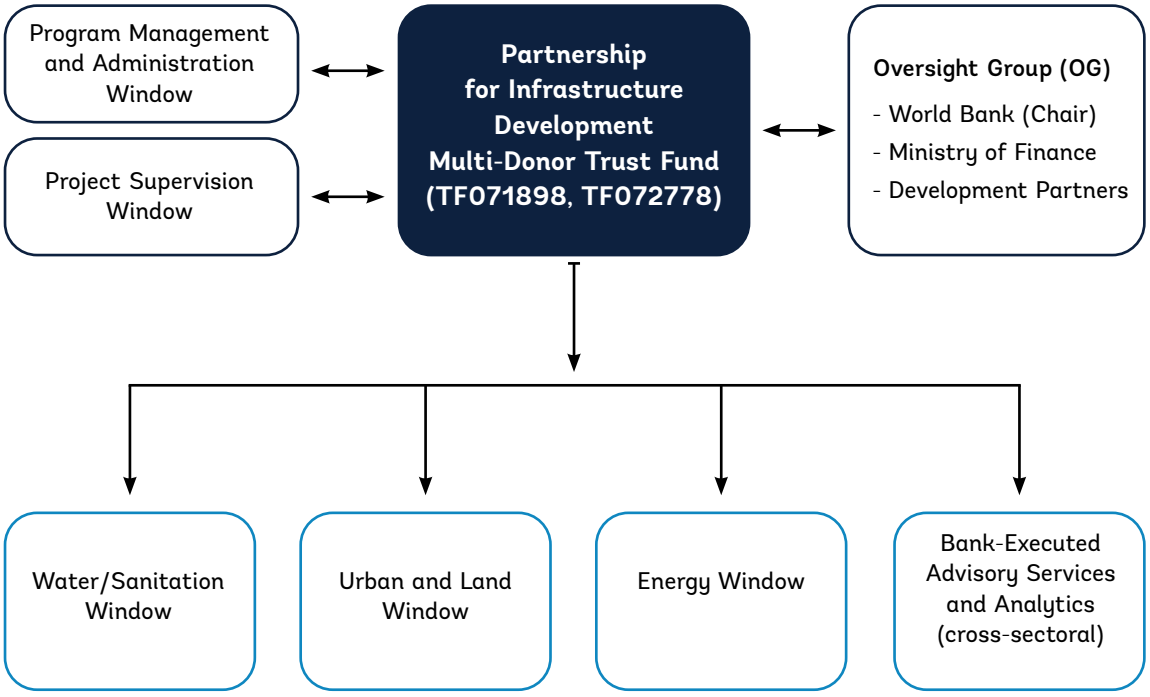
4 These two trustee-level funds—a parent fund (TF071898) and a parallel fund (TF072778)—are being referred to as one 'Trustee Fund' since together they make up the PID MDTF program.

5 The PA's National Policy Agenda (NPA) 2018–2022 and NDP 2021–2023.

objectives under the second focus area are as follows: (a) stimulating inclusive private sector development and diversifying financial products, (b) connecting the Palestinian economy to the regional and global economy, and (c) improving infrastructure through World Bank investment.[6]

All the objectives of the new World Bank Group four-year strategy align closely with the PA's National Development Plan (NDP) 2021–2023 pillars, which include (a) reform and enhancement of service delivery and (b) sustainable development. Within the pillar of reform and enhancement of service delivery, the NDP describes strategies for strengthening institutions to provide more effective and quality citizen-centered public services. Strengthening governance and public institutions efficiency, partnering with the private sector and nongovernmental organizations (NGOs) for effective service delivery, introducing e-government, securing rights to access to information, and advancing land reform are among the PA's key strategic priorities. The PA's sustainable development pillar is geared toward achieving economic growth through adopting a cluster development approach and improving the business environment. It contains strategies for investing in infrastructure, including digital infrastructure, and developing job creation programs. Empowering women and youth and promoting the effectiveness, coherence, and inclusion of the social systems are equally among the national priorities, leading to sustainable development. (For specific policy interventions the PID MDTF targets and supports within the NPA, please refer to Annex 1). The World Bank Group's AS and the PA's NDP underpin the PID MDTF's operations, and the development investment agenda allows for the DPs and PA to link pledges to concrete projects and priorities identified in the NDP. The MDTF provides a mechanism to pool funds, based on a collective longer-term view of broader economic and governance fundamentals, coordinating donor assistance and avoiding fragmentation.

Figure 1: PID MDTF Management Structure



6 Assistance Strategy FY22–25 for the West Bank and Gaza, The World Bank Group.

2.2. Strategic Priorities and Highlights Looking Ahead

Looking forward, we see the deepening and strengthening of some trends that were already clear in the last few years became more pronounced in FY21 and are now being further developed and implemented via new instruments in FY22:

- A much-enhanced focus on cross-cutting priorities such as gender, citizen engagement (CE), climate co-benefits, and resilience to shocks, whether natural disasters, conflict-related, or as a consequence of climate change
- Consolidated engagements with fewer, larger operations and ASA in each sector
- Long-term engagements, with the use of programmatic instruments such as Multiphase Programmatic Approach (MPA), as in the case of energy sector with Advancing Sustainability in Performance, Infrastructure, and Reliability of Energy Sector in the West Bank and Gaza Multi-Phase Programmatic Approach (ASPIRE MPA).

A corollary to the long-term engagement approach is that the PID MDTF will focus increasingly on strengthening operations and maintenance (O&M) arrangements and building sustainability of infrastructure. This strong new focus is already being seen in operations such as the Wastewater Management Sustainability (WMS) Project, which was approved in FY20 and began to be implemented in FY21. The WMS Project is guaranteeing continuity of operation of the northern Gaza wastewater treatment system, helping ensure that a high standard of quality is maintained, and working to develop the capacity of Palestinian Water Authority (PWA) and the local utility in Gaza to make sure that financing, organization, and skills are in place for this sophisticated system to be appropriately operated and maintained into the future.

More broadly, a long-term approach to the infrastructure engagement in the WB&G, with a view toward long-term sustainability, is directly related to enhancing the planning capacity, operational efficiency, and resource base of public sector SPs, which the PID MDTF will continue to support in a number of ways:

- From real estate registration to devolution of selected functions in property tax assessment, billing, and collection to local governments (LGs)
- From revenue protection to liquidity support for energy distribution companies (DISCOs)
- Improved services driving better revenue generation for water SPs.
- In turn, operationally strong and financially healthy SPs with reliable revenue streams are expected to increasingly be capable of partnering with the private sector for increased investment in infrastructure, in line with the World Bank Group's FY22–25 AS.

A strong program of ASA. A key area in which we expect continuity and further strengthening is that in FY22 and beyond, the PID MDTF is set to continue co-financing analytical work that underpins overall World Bank budget support and investment projects in infrastructure, whether or not these are financed by the PID MDTF. The value of PID MDTF co-financed analytical and TA work is enhanced by the fact that it also supports parallel financing of PID MDTF co-financed projects and helps underpin government policy and sector reform, even for initiatives in which the World Bank may not be directly involved.

Going forward, PID MDTF co-financed analytical and TA work will continue to be based on long-term programmatic umbrella ASA tasks in the current four sectors—energy, land, urban/LG, and

water—plus the two new long-term ASA tasks that are envisaged in the FY22–25 AS:

- Social Inclusion and Citizen Engagement
- Climate Resilience and Low-Carbon Development.

The long-term programmatic umbrella ASAs will continue to be complemented each year by cross-sectoral analytical pieces such as the current one on Sustainability of Infrastructure, which we expect to deliver in FY22.

Continued strong emphasis on sustainability of infrastructure. The current cross-sectoral ASA on Sustainability of Infrastructure exemplifies an approach that we expect to see more and more across the portfolio, as we explore and develop synergies across infrastructure sectors. Energy, water/wastewater, and municipal services all differ in many ways, but there is clearly a common thread in building efficiency and creditworthiness of SPs. We need to continue to enhance efficiency, cut losses, build and protect revenue bases and promote financially sustainable SPs/utilities that can plan their investments, raise finance from private sources, and reduce the drain on the public purse that currently comes from service provision that is not sustained by clear, predictable revenue streams. Without these prerequisites there will be no way to mobilize private capital for infrastructure in Palestine, beginning with less demanding forms such as commercial bank lending all the way to sophisticated arrangements such as public-private partnerships (PPPs). A viable environment for infrastructure PPPs requires contract enforceability through a strong legal and regulatory framework and robust ways to determine value for money, foremost among which is a sound, transparent procurement framework that promotes competition.

An interrelated set of issues applying to all PID MDTF sectors has to do with institutional coordination and fiscal challenges related to revenues and expenditures at municipal and national levels. In particular, SPs in water and wastewater, electricity, and SWM often lack a sound commercial approach, with limited cost recovery adding to the spiraling net-lending tab. Beyond the fiscal challenges, quality of service suffers and coverage expansion is compromised by the SPs' lack of capacity to invest. This is not new, but it is becoming a major agenda for the World Bank and its DPs as it jeopardizes the sustainability of the infrastructure that is being built with PID MDTF help. This complex yet crucial agenda is being addressed by means of the Sustainability of Infrastructure ASA described earlier. The PID MDTF has also been supporting LGs under the Municipal Development Program (MDP) to enhance their revenue streams, also with regard to transparency and predictability. In particular, the work on helping LGs leverage property tax has continued in FY21, albeit with difficulties and delays caused by COVID-19. The World Bank urban/LG and land teams are working on this with the World Bank's taxation specialists under the urban/LG and land programmatic ASAs, building on the property registration drive that is also co-financed by the PID MDTF under Real Estate Registration Project (RERP).

For sector flagship reports on energy, water, and urban development, please refer to the links provided in Section 5.

The PID MDTF will remain at the center of the World Bank's engagement. In the upcoming funding period of FY22, the PID MDTF will remain at the center of the World Bank's engagement in the Palestinian infrastructure sectors, supporting the PA to achieve its objectives across the water, energy, and urban development sectors. We intend to maintain the consolidated, programmatic engagement that has been developed over the last years with a focus on providing investment co-financing and institutional strengthening support to improve sector performance and underpin reform processes, as outlined earlier.

An integrated program, leveraging synergies across sectors and across World Bank instruments. Developing an integrated program that leverages synergies across sectors has been a priority for PID MDTF DPs since the fund's inception. As discussed earlier, cross-cutting priorities such as sustainability of infrastructure, efficiency gains, and creditworthiness of SPs offer entry points for common and coordinated work across sectors and a common set of goals for reforms in different sectors. So do themes such as gender, CE, and climate co-benefits, which the World Bank is promoting across sectors, using the same team of staff and consultants and a uniform set of approaches and tools that are adapted to the needs of each project, implementation agency, and location. The work on such cross-cutting themes is being strengthened considerably in FY22 by means of the new long-term programmatic ASA tasks on Social Inclusion/Citizen Engagement and Climate Resilience/Low-Carbon Development. In addition to the TA and capacity building provided under the ASA program, investment projects in the energy, water, and urban development sectors always include specific components financing activities to support institutional strengthening. Bank-executed ASA tasks allow World Bank teams to provide targeted support to specific activities that require a higher level of direct hands-on engagement by the teams themselves.

Analytics co-financed by the PID MDTF inform the World Bank's budget support. Although it is not financed by the PID MDTF, the budget support provided to the PA each fiscal year under the World Bank's DPGs[7] is informed by and developed in part on the basis of sector policy reforms identified through analytical work co-financed by the PID MDTF through the Bank-executed ASA program. This allows the PID MDTF to influence reforms in a significant way, going beyond what can be done in the context of specific investment projects' actions on institutional strengthening. Key sector policy actions are included in the 'policy matrix' of the World Bank's annual DPG provided to the PA. Implementation of the prior actions included in the policy matrix is the basis for the World Bank to approve and disburse the budget support provided to the PA under the DPG. The FY21 Building the Foundations of a Digital Economy, Strengthening Resilience, and Supporting Governance DPG (DPG XI, P174975) was approved in May 2021 to (a) support the digital foundations of the Palestinian economy; (b) strengthen recovery and resilience post COVID-19; and (c) improve governance and transparency in the areas of public procurement, wage bill control, and the health sector. Particularly, Prior Action 6 of DPG XI ensures that SPs in the water sector use an emergency response framework that safeguards water quality and public health during the COVID-19 outbreak and also builds resilience in the face of future pandemics. Through the PWA's Official Instructions, four major SPs are making good progress towards meeting the World Health Organization (WHO) standards related to the frequency and compliance of free residual chlorine tests in the water distribution network This follows previous years' DPGs that included critical reform actions across the water, energy, and LG sectors, such as the (a) clarification of the role of the Water Sector Regulatory Council (WSRC) in performance monitoring of SPs and its funding base;[8] (b) reduction of the stock of debt owed by 15 SPs to the PWA;[9] (c) delegation of property tax collection from the Ministry of Finance (MoF) to the local government units (LGUs);[10] (d) reform of the governance arrangements

7 DPGs are a form of Development Policy Financing, by means of which the World Bank provides budget support to a client government upon the achievement of a list of agreed reform-oriented prior actions by the government.

8 DPG X, Prior Action 5: "The role of the Water Sector Regulatory Council in performance monitoring of service providers and its funding base have been clarified through Presidential decree no. 2135 dated September 10, 2019."

9 DPG X, Prior Action 6: "Fifteen service providers have installed prepaid meters for households under their constituency and the Palestine Water Authority has reduced the stock of debt owed by each service provider in the same amount."

10 DPG IX, Prior Action 2: "The President has taken the necessary actions to strengthen domestic revenue collection by LGUs by authorizing the Cabinet, in cooperation with the MoFP, to delegate the MoFP's responsibilities to collect property taxes and related penalties to LGUs, as evidenced by the enactment of Law No. 12, dated May 3, 2018, amending the 1954 property tax law."

in the land sector, including restructuring oversight and decision-making of the Palestinian Land Authority (PLA);[11] (e) launching of a process to increase transparency and restructure debt to reduce net lending in the water sector;[12] (f) strengthened enforcement mechanisms to increase payment discipline in the electricity sector, including procedural steps for interruption and reconnection of service following nonpayment;[13] and (g) strengthening of revenue and land administration and the intergovernmental revenue framework.[14] The step to increase payment discipline in the electricity sector builds on a successful prior action in the West Bank and Gaza: Fiscal Stability and Business Environment DPG (DPG VIII, P161252)—whereby municipalities and DISCOs were to establish an escrow account to ring-fence electricity revenues to monitor payments of electricity bills to the Israel Electric Corporation (IEC) and in the future to Palestinian Electricity Transmission Company Ltd. (PETL).[15] To date, about 95 percent of these municipalities and DISCOs have established escrow accounts, which has ring-fenced resources and enhanced transparency and creditworthiness of these SPs. Moreover, in the land sector, the regulations have been amended to simplify the process followed by the PLA and the Ministry of National Economy to streamline land registration procedures for businesses. As a result, the overall time for the procedure to obtain a purchase permit has been reduced to 15 days. In the wake of the COVID-19 crisis, the FY20 Strengthening Fiscal Stability and Financial Integrity DPG (DPG X, P171819) focused on (a) strengthening commitment control in line ministries and improving overall public procurement practice, (b) improving sector governance in water and health service provision, and (c) strengthening the stability and integrity of the financial sector.

Continued focus on fewer, larger projects with a programmatic, long-term, sector-wide approach. Examples of this trend are the two major sector investment programs co-financed by the PID MDTF that were approved by the Board in FY20 and began implementation in FY21: the Associated Works Project, Phase I (AWP-I) in the water sector and ASPIRE MPA in the energy sector. Both programs translate analytic recommendations from the World Bank's sector flagship reports—drawn from the PID MDTF co-financed umbrella ASAs—into operationally implementable investment programs that are articulated in several phases over an extended period. They symbolize the programmatic evolution of the World Bank's engagement in the infrastructure sectors into a more consolidated and ambitious portfolio supported by the PID MDTF, which not only finances construction or rehabilitation of infrastructure assets but also aims at bringing about the transformation of a given sector and its institutions. With key activities in the urban/LG sector nearing completion (Local Governance and Services Improvement Program – LGSIP) or well past their midterm (Third Municipal Development Project – MDP-3), a dialogue

11 DPG IX, Prior Action 3: "The Cabinet has established strategic and policy oversight mechanisms for institutions in land administration, as evidenced by the adoption of Decision No. 17/229/18 signed by the Prime Minister on November 22, 2018." The draft amendments to the PLA Law still await approval by the President."

12 DPG IX, Prior Action 8: "The Intra-agency Committee has taken the necessary steps to strengthen payment discipline and improve financial viability of the water sector by rescheduling the debt for unpaid water bills owed by LGUs to the MoFP for at least 90 LGUs, as evidenced by: (a) the issuance of an Official Letter signed by the Head of the Intra-agency Committee and dated October 28, 2018 enclosing a report describing the balances of the municipalities after debt rescheduling; and (b) seven debt rescheduling agreements entered between LGUs selected on a sample basis and the Intra-agency Committee."

13 DPG IX, Prior Action 7: "The Cabinet has set forth procedural steps to follow before service providers can cut off electricity following the accumulation of debt, including a grievance mechanism and protection of poor and vulnerable population, as evidenced by the issuance of official instructions dated April 17, 2018, published in the Official Gazette on April 22, 2018, that include the following provisions: (a) specification of exact periods of unpaid bills (30 days to households and 60 to non-households; (b) objections from the consumer to the distributor; (c) instructions on how to file a complaint; (d) instructions on how to reconnect power back to consumers; (e) guidelines on resolving disputes between the consumer and the distributor; and (f) exemptions."

14 DPG IX, Prior Action 5: "The Cabinet has taken the necessary steps to reduce the land registration procedures for businesses, as evidenced by the issuance of Circular 6-15 dated February 2, 2017, describing the streamlined procedures necessary for obtaining a purchase permit."

15 DPG VIII, Prior Action 1: "At the direction of PENRA, at least 90 percent of all municipalities, village councils (VCs), and DISCOs have opened a separate bank account to deposit funds collected from electricity bills to pay PETL."

on the next generation of the World Bank's LG support in the WB&G began in FY20 and was deepened in FY21. This too may result in an ambitious new MPA engagement if the overall picture brightens up in terms of fundraising.

Continued mainstreaming of gender, citizen engagement, climate resilience and other cross-cutting themes. In addition, the PID MDTF will continue mainstreaming cross-cutting themes such as gender, CE, climate change, and resilience. Regarding gender, in particular, the World Bank's program in the WB&G is moving from a focus on mainstreaming gender in project preparation to achieving specific gender outcomes based on a customized gender-focused design and Results Framework (RF) within each project, coupled with strong implementation support throughout the life of the project. By way of comparison, 87.5 percent of projects approved in FY18–20 were gender-tagged,[16] with 100 percent gender-tagged from FY19 through FY21. For projects co-financed by the PID MDTF, following an initiative led by the Swedish International Development Cooperation Agency (SIDA) and supported by all PID MDTF DPs, the World Bank moved in FY20 to increase its focus on implementation by hiring consultants who provide guidance and hands-on support to World Bank teams and Palestinian agencies implementing all projects co-financed by the PID MDTF. Having the same expert gender team involved in all projects ensures consistency of methodology and approach, quick transfer of experiences and lessons learned, and retention of specific operational knowledge on gender in the WB&G. This helps improve gender outcomes and achieve concrete results across the Palestinian water, urban, and energy sectors. This work has continued in FY21. In FY22, a major additional step toward mainstreaming of gender and other social inclusion priorities will be taken with the launch of the new long-term umbrella programmatic ASA on Social Inclusion and Citizen Engagement, which is expected to be co-financed by the PID MDTF and will provide a stable arrangement to support key analytics as well as TA, capacity building, and implementation support to Palestinian SPs and project implementation agencies and ministries on all aspects of the social inclusion agenda.

A renewed focus on climate co-benefits. The World Bank and other DPs are in a position to support and facilitate priority measures for climate adaptation and mitigation. Not only can such measures be considered 'no-regrets' in nature but they are also aligned with the Palestinian development priorities articulated in the 2016 National Adaptation Plan to Climate Change (NAP). The PID MDTF will continue to co-finance activities in key sectors such as water resources management and resilient urban infrastructure as well as in boosting renewables in the energy mix, generating more climate co-benefits, and boosting resilience while supporting national development priorities. Another important instrument in this regard, the Nationally Determined Contributions (NDCs) to the goals of the Paris Climate Accords were reviewed and adjusted in FY21 with assistance from the NDC Partnership, in an initiative that was supported by the World Bank Environment and Energy teams under the PID MDTF co-financed Energy umbrella ASA. The new Palestinian NDCs were presented and hailed as a successful case study at the recent COP 26 in Glasgow. Going forward, a major additional step toward mainstreaming climate across the World Bank portfolio will be taken with the FY22 launch of the new long-term programmatic umbrella ASA on Climate Resilience and Low-Carbon Development, which is expected to be co-financed by the PID MDTF. The new ASA will provide a stable vehicle to support key analytics as well as TA, capacity building, and implementation support to Palestinian SPs and project implementation agencies and ministries on all aspects of the climate agenda.

16 To earn a gender tag, projects must show a clear results chain by building on evidence that identifies key gender-based gaps, proposes activities that will help close each gap, and puts in place metrics that can demonstrate results and measure impact. Earning a gender tag is an important first step but focus on gender needs to be sustained during project implementation to produce results. To achieve this, fledgling gender teams in government agencies and PIUs need constant support. This is what the dedicated gender team is providing to all PID MDTF co-financed projects.

Opening the way to private investment in infrastructure by building creditworthiness in public SPs. In keeping with the focus of the World Bank Group's FY22–25 WB&G AS, many of the projects co-financed by the PID MDTF will help foster private sector-led development over the long term and contribute to laying the foundations for private investment and private sector participation in infrastructure and service delivery. Institutional strengthening supported under the PID MDTF is helping build creditworthiness of public sector institutions—with the long-term aim of creating bankable investment opportunities for private partners. The World Bank teams in the PID MDTF sectors are actively seeking opportunities to work with IFC and MIGA in this regard. For example, with support from the West Bank and Gaza Electricity Sector Performance Improvement Project (ESPIP), co-financed by the PID MDTF, Palestinian energy sector institutions are already laying the groundwork for future infrastructure projects to be bankable for the private sector. The new ASPIRE MPA has taken that work to another level by including a mechanism for liquidity support to facilitate the entry of independent power producers (IPPs) into the Palestinian market. Both IPPs and electricity imports from neighboring countries such as Jordan will only be viable if Palestinian power sector entities operate on a sound commercial and full cost recovery basis, with adequate tariff structures, metering, billing and collection, and have healthy revenue streams and balance sheets.

Complementarity between the PID MDTF and PURSE MDTF. With the new PURSE umbrella MDTF for the WB&G, launched in FY21, focusing its support to service delivery in the areas of digital, education, and health under its Pillar II (Human Capital and Service Delivery), the PID MDTF will continue as a stand-alone MDTF, supporting the World Bank's engagements in the water, energy, and urban development sectors. The PURSE's activities under Pillar II include, but are not limited to, (a) Bank-executed TA on digital development and policy guidance and recipient-executed operations to support digital infrastructure and digital skills development with a lens to address gender gaps in digital access, usage, and literacy; (b) Bank-executed analytics on learning poverty and other aspects of the human capital index; (c) Bank-executed TA to support policy reform implementation in the education and health sectors; (d) Bank-executed TA and recipient-executed operations in support of good governance and rationalization of health expenditures; and (e) recipient-executed operations that support key areas for human capital improvement, including service delivery in education and health, especially for early childhood development and improved employability. All activities in the water, energy, and urban development/LG sectors will remain under the PID MDTF. All efforts will be made to ensure complementarity between the work co-financed by the two MDTFs.

2.3. Key Results and Updates

The IP of activities co-financed by the PID MDTF is assessed as satisfactory.[17] Most of the TF's active projects and TAs are on track to achieve their Project Development Objectives (PDOs). Their progress is monitored by key performance indicators (KPIs) and results indicators concerning agreed targets. The PID's co-financing contributed to achieving critical project results within the TF objective parameters. Table 1 provides a compact summary view of the key development outcomes and impact on final beneficiaries for projects with reportable results. More detailed information on each of the investment and TA projects co-financed by PID MDTF—with an update on the current values of KPIs—is included in Table 2 as well as Annex 2.

Table 1: Summary of Results Matrix of Active Projects

Results Indicators	Unit of Measure	Baseline	Current	End Target
Improve the quality of bulk water supplied to the Municipalities served in the project areas and support the continuous operation of the NGWMF.				
Supporting the continuation of wastewater treatment services and strengthening the capacity of wastewater management services in North Gaza				
Monthly volume of wastewater arriving at the Terminal Pumping Station (TPS) that is treated (2020–2024)	Percentage	70	90	90
Average O&M costs of the NGWMF per month (2020–2024)	Amount (US$)	277,000	152,600	136,000
Enhance the institutional capacity of local government units and strengthen the local government financing system for more accountable and sustainable service delivery.				
Improving local service delivery				
People provided with improved living conditions and access to improved services (50% of which female beneficiaries) (2015–2022)	Number	0	936,129	850,000
People benefitting from improved sanitation disposal services in Gaza (Khan Younis, Rafah, and Middle Gaza) (2014–2022)	Number	0	921,400	948,000
Enhancing performance of local government sector institutions				
Municipalities with operational and enterprise surplus and no increase in arrears (2018–2022)	Number	40	61	70
VCs receiving transparent and predictable Annual Capital Grants (2015–2020)	Percentage	0	76.4	70
Strengthening good governance in the local government sector				
VCs submitting their annual budget to the MoLG electronically on time and have disclosed budgets publicly (2015–2020)	Percentage	10	76.4	60
Municipalities with functional complaint system (2017–2022)	Number	22	113	100

17 IP can be considered Satisfactory, as all activities are rated—based on the World Bank rating scale—as Moderately Satisfactory or better (that is, Moderately Satisfactory or Satisfactory).

Results Indicators	Unit of Measure	Baseline	Current	End Target
Enhance tenure security and improve real estate registration services.				
Improve real estate registration services				
Time to register property rights under the SLR process reduced (2019–2023)	Months	7.5	7.5	4.5
Satisfaction of beneficiaries with respect to real estate registration services improved (2019–2023)	Percentage	0	0	70
Enhance institutional capacity of the energy sector, improve efficiency of the distribution system in targeted areas, and pilot a new business model for solar energy service delivery in Gaza.				
Enhancing performance of electricity sector institutions				
PETL collection rate (2017–2023)	Percentage	0	100	90
DISCOs with fully operational Management Information Systems (2017–2023)	Number	0	0	5
Substation operationalized (2019–2024)	Yes/No	No	Yes	Yes
Strengthening good governance in the energy sector				
Rate of response to grievances received related to the project (2017–2023)	Percentage	0	100	100

Note: MoLG = Ministry of Local Government; NGWMF = North Gaza Wastewater Management Facilities; SLR = Systematic land registration.

2.3.1. Water Sector

AWP-I. AWP-I continues moving forward with the objective to improve the quality and quantity of bulk water supply in Gaza and strengthen the capacity of the PWA. Although the COVID-19 pandemic posed challenges in implementing some project components, implementation continues to advance satisfactorily. AWP-I remains on track to achieve its PDO, thanks in part to an expedited procurement plan aimed at keeping the project on schedule.

Important progress has been observed in both Components 1 and 2. Under Component 1 (Improved Supply of Bulk Water to the Southern and Middle Governorates of Gaza), the Project Implementation Consultant (PIC) was contracted, and procurement of key infrastructure packages is advancing, albeit with some challenges and delays.[18] Component 2 (Capacity Building and Performance Improvement of Selected Institutions) is also advancing with progress in key terms of references (ToRs) and other activities that underpin the reform efforts defined by the 2014 Water Law. In particular, under Sub-component 2.3 (Priority Investment Planning for Bulk Water Supply in the West Bank), ToRs to update the national water sector policy and strategy are under way. Similarly, the ToRs to develop a Master Plan for the Bulk Water Supply System and Priority Investments have been tendered. Moreover, the PWA plans to establish the Bulk Water Supply Unit (BWSU) in the first semester of 2022 with the advice and engagements of experienced experts. The effective startup of the BWSU, in turn, will mark an important milestone in the creation of the National Water Company (NWC) mandated by the government in its November 2020 decision. As envisaged in the 2014 Water Law, the BWSU will eventually scale up its role and responsibilities to serve as the Gaza nucleus of the NWC.

18 On February 28, 2021, the Palestinian Contractors Union announced a boycott of tendering processes for all projects in Gaza, until the MoF repays all contractors past-due payments from the VAT Refund under the Zero VAT projects. Continuation of the boycott may lead to delays in the tendering process for all infrastructure packages.

WMS Project. Since its effectiveness on September 22, 2020, the WMS Project has advanced satisfactorily and achieved significant results toward its PDO, which aims at supporting wastewater treatment services in North Gaza and strengthening the capacity of water institutions. Through its efforts to aid in the continued operation, rehabilitation, and upgrade of the NGWMF (Components 1 and 2), the project has been able to benefit the entire 368,000 inhabitants of the four North Gaza municipalities. Moreover, during FY21, 85 percent of the sludge produced monthly was safely transported from the wastewater treatment plant (WWTP) and adequately disposed of in a landfill, as a result of the continuous operation of the NGWMF. Additionally, the WMS Project achieved the end target of an important PDO indicator (90% of the monthly volume of wastewater arriving at the TPS that is treated), demonstrating the improved ability of the equalization pond and emergency overflow pond to retain excess wastewater safely and then pump it to the WWTP as well as the integrated management of both the TPS and WWTP. These achievements were reached thanks to the reduction of the O&M monthly costs of the NGWMF by about 45 percent between February 2020 and March 2021.[19] Under Component 3 (Capacity Building for Sustainability of Wastewater Services), the PWA is advancing well to ensure that the Coastal Municipalities Water Utility (CMWU) commits to completing fiduciary requirements. A draft agreement between the PWA and the CMWU has been prepared and reviewed by all parties before its approval. In addition to these more anticipated technical/institutional advances, critical challenges were also overcome in dealing with the unanticipated damages caused by the May 2021 conflict. The pressure pipeline transporting wastewater from the TPS to the WWTP was hit during conflict. This posed a serious risk of collapse for the entire wastewater system in North Gaza as well as overflooding of the Random Lakes. However, this risk was managed well as the PWA and CMWU were able to fix the line immediately after the ceasefire and resume operations gradually to their original status.

2.3.2. Urban and Land Sectors

MDP-3. This continues to show progress toward achieving its PDO aimed at enhancing LG capacity and service delivery—despite significant implementation challenges posed by the COVID-19 pandemic. During the FY21 reporting period, COVID restriction measures—most recently due to a severe third wave of the pandemic in the first quarter of this calendar year—have greatly limited physical interaction between the Municipal Development and Lending Fund (MDLF) and the municipalities, slowing down implementation of infrastructure and capacity-building subprojects. In response, a second AF in the amount of US$15 million from the TFGWB and US$10 million from the PID MDTF—complemented in turn by parallel financing of EUR 23.5 million from German Development Bank (*Kreditanstalt für Wiederaufbau,* KfW) and *Agence Française de Développement* (AFD)—was approved on March 5 and declared effective in April 2021, aimed at supporting delivery of urgent COVID-response activities in WB&G municipalities. The AF introduced a new component called 'Emergency COVID-19 Municipal Response' and expanded the scope of Component 2 to support the provision of emergency public goods, preserve the delivery of essential services, create employment opportunities, and strengthen municipal capacity to respond to disasters and shocks. Activities financed under the AF for COVID-19 are currently in progress. As the PA plans its vaccination rollout, for example, the team anticipates that the PA may request using project funds through this emergency response mechanism to procure vaccines.

19 The actual average O&M costs of the NGWMF per month are about US$152,600. The baseline costs are US$277,000 (February 2020) and the end target is US$136,000, to be achieved by May 2024.

As a result of the recent AF, the project's closing date was extended by one year, to February 2023; similarly, the RF was restructured to include indicators related to new activities defined by the AF and revise the end target for key development indicators. Furthermore, considering the prolonged period of challenges from COVID-19 and the conflicts of May 2021, a virtual implementation support mission with the World Bank and DPs took place in October 2021 to review IP of project activities.

Gaza Solid Waste Management Project (GSWMP). During the reporting period, GSWMP continued to advance, getting close to achieving nearly all its PDO indicators. The Sofa landfill facility constructed under the program treats more than 600 tons of waste per day, representing about 94 percent of the waste generated in the three southern Gaza governorates, benefiting over 920,000 beneficiaries with significantly improved public and environmental health. Along with this, the SWM systems in southern Gaza in the hands of Joint Service Council for Khan Younis, Rafah, and Middle Area (JSC-KRM) and 17 participating municipalities have been significantly strengthened. Cost recovery rates from participating municipalities reached 81.5 percent, comfortably exceeding the PDO indicator end target of 60 percent. Additional funding for the project was approved in August 2020 and declared effective in November 2020. In conjunction, the project closing date was extended to June 2022. Thanks to this extension, the project has been able to provide COVID-19 mitigation support to Joint Service Council (JSC) operations allowing for the creation of additional secondary collection/routes at the height of the pandemic and the collection and disposal of solid waste from quarantine centers. Similarly, since September 2020, the project has begun implementing internationally accepted standard operating procedures (SOPs) and protocols for the Sofa landfill, transfer station at Rafah, and medical waste management sorting facility at Khan Younis transfer station.

LGSIP. As the program's closing date (December 2021) approaches, LGSIP is on its final stretch to full achievement of PDOs aimed at strengthening LG financing and service delivery systems at the lowest tier of local government, VCs, and JSCs. To date, the Program has fully disbursed program grants, having provided Annual Capital Grants to over 76 percent of VCs, surpassing the end target of 70 percent. The Program's investments to VCs and JSCs have benefited 466,704 people, largely exceeding the end target of 350,000 beneficiaries. More recently, in response to COVID-19, in 2020 the program implemented measures to combat pandemic challenges, with the Program Committee approving 10 VC proposals—worth US$60,488—to cover sanitation and public hygiene expenses.

Two implementation support missions were carried out jointly by the World Bank and DPs in November 2020 and April 2021 to monitor implementation. More recently, with a view to assessing the completion of activities and prepare the Implementation Completion and Results Report (ICR), a virtual implementation support mission was carried out in August 2021. Given the upcoming end of LGSIP, the MoLG reiterated its request for continuation of support to VCs beyond LGSIP. Along these lines the MoLG will initiate a review of the Program and distill lessons to inform the design, scope, and objectives of a potential follow-up program for possible funding from DPs.

RERP. Despite significant slowdowns caused by the COVID pandemic—affecting implementation speed of consultancies, works, and settlement activities, RERP continues to make important headway in its objective to enhance tenure security and improve real estate registration in the WB&G. To mitigate pandemic impact on registration, SLR activities were adjusted to focus on areas with lower rates of COVID-19 infections in the West Bank. Fulfillment of the legal covenants, despite delays due to protracted government closures, is also nearing completion:

the project Steering Committee is now fully operational, a final draft of the Social Impact Assessment (SIA) is complete, and an advanced draft of the Social Management Plan (SMP) is nearly complete, subject to revisions by the Land and Water Settlement Commission (LWSC) and the PLA. To mitigate COVID-19 pandemic impacts on project implementation, the task team is actively working with the PLA and LWSC to find alternative methods to deliver activities where possible. Additionally, ToRs for the project's inter-ministerial Steering Committee were fully defined, and the Board became operational. The Gender Action Plan (GAP) in development under the project has moved forward with concrete accomplishments. An inception report and a review of the existing legal framework and practices were completed. With the support of gender units activated at the PLA and LWSC, fieldwork commenced in September 2021.

2.3.3. Energy Sector

ESPIP. Despite significant constraints imposed by COVID-19, ESPIP has been able to continue to make progress toward its core objectives aimed at enhancing the institutional capacity of Palestine's electricity sector—especially the DISCOs, PETL, PERC, and Palestinian Energy and National Resources Authority (PENRA)—and piloting a new solar energy business model in Gaza. By relying on regular update meetings between the World Bank team and the Project Management Unit (PMU) in PENRA, implementation has proceeded at a moderately satisfactory pace. ESPIP continues to provide support to the partial staffing and operational budget for PENRA's PMU. The equipment procured through the project is also being utilized to support the operation of PETL substations. And, despite the COVID-19 pandemic, PENRA is reporting repayment of nearly 100 percent of the bills issued for the electricity sold by PETL to the two DISCOs. Most importantly, perhaps, under Component 2 (Improving the Operational Performance of Palestinian Electricity DISCOs), the bidding process for the revenue protection program (RPP) for all six DISCOs was concluded, and contracts for the management information systems (MIS) for five DISCOs were signed. This last milestone on the MIS implementation reflects advances gained from the project restructuring that occurred in May 2021. The latter modified the scope of the revolving fund activities based on the pilot phase lessons and reallocated funds to address financing gaps identified in the MIS procurement process, the largest of the project (approximately US$7.5 million). In the case of Component 3 (Improving Energy Security in Gaza with Solar Energy), the procurement process for 84 solar photovoltaics (PV) systems was concluded, and 19 systems were installed and are operational in households and health clinics in Gaza.

ASPIRE MPA. Since achieving effectiveness in September 2020, Phase I of ASPIRE MPA is progressing on all fronts. The Jericho-Ramallah line is pending approval from the Israeli Civil Administration (ICA), but preparation for the other medium-voltage (MV) lines has proceeded, despite major movement restrictions imposed by the COVID-19 pandemic. Preparation of procurement packages for the RPP continuation activities (Component 2: Improving Sustainability of Service Delivery in West Bank and Gaza DISCOs) began in September 2021, compared to the original planned start in FY23, to anticipate potential delays that could surface as experienced during the implementation of such activities under ESPIP with COVID-19 impacts.

The program also includes preparation of procurement packages for (a) key transmission lines, including in Nablus, Jericho, and Ramallah; (b) five hospitals across the West Bank; and (c) targeted solar PV system support to low-income and vulnerable households.

The largest component of Phase I (Sub-component 3.3) is the establishment of the Liquidity Support Account and Payment System (LSAPS). A design committee, comprising PENRA, PETL, and MoF, was established in November 2020, with task teams actively engaged since February 2021. The committee is fully operational and moving forward to approve the LSAPS Operations Manual by the end of 2021. The LSAPS is a significant step toward strengthening the electricity sector institutions and attracting IPPs from the private sector. Finally, there is also progress in the program's support to rooftop solar PV systems. In Sub-component 3.1 (Increasing ability of grid to manage rooftop solar PVs), PENRA has established the process for identifying grid enhancement needs, while in Sub-component 3.2 (Revolving Fund for rooftop PV systems) PENRA, in cooperation with the Ministry of Social Development, is currently designing the solar PV revolving fund, with a focus on low-income families in the West Bank—building on lessons learned in Gaza through ESPIP.

2.3.4. Bank-Executed Advisory Services and Analytics

The World Bank continues supporting and complementing the PID MDTF portfolio of infrastructure operations through its TA activities. Currently, five channels are operative: (a) Programmatic TA: Towards Water Security for the Palestinians (hereafter 'Water Security TA'), (b) Palestinian Local Government Sector Reform Support (hereafter 'LG Sector TA'), (c) Support to the Palestinian Land Sector Reform (hereafter 'Land Sector TA'), (d) West Bank & Gaza Energy Sector Programmatic Technical Assistance (hereafter 'Energy Sector TA'), and (e) Sustained Service Delivery through Improved O&M of Infrastructure in West Bank and Gaza (hereafter 'Analytical Work on Sustainability of Infrastructure'). During FY21, the following achievements were reached under each ASA (more detailed information can be found in Table 2):

Water Security TA. The ASA continues to provide fundamental support to PWA and the World Bank operations, filling persistent gaps in institutional capacity, overcoming financial vulnerabilities, and dealing with real-time political challenges that have obstructed implementation of the 2014 Water Law and the Water Sector Strategic Development Plan (SDP) 2017-2022. Institutionally, the TA has supported the capacity-building activities of AWP-I and WMS Project aimed at creating the BWSU and transforming the CMWU into Regional Water Utilities (RWUs). In the area of financial administration, TA was provided to construct a financial model for the water sector in Palestine, including financial models for SPs and a sector-wide model to provide a tool for financial policy evaluation. Additionally, during the FY21 reporting period, the ASA—in partnership with the CMWU and the United Nations Children's Fund (UNICEF)—provided critical support to the PWA in its assessment of damages to water supply and sanitation (WSS) infrastructure and services, within the broader Rapid Damage and Needs Assessment (RDNA) undertaken for Gaza in response to the May 2021 conflicts.

LG Sector TA. With the help of the TA, agreement was reached with the MoLG and MDLF regarding the scope of the performance monitoring system to be created for LGUs. The latter is intended to become a model for performance-based intergovernmental fiscal management in the WB&G. A draft report presenting options for the system—including forms of transfer, distribution methods, financing, and system architecture—has been produced and will be consulted with stakeholders in the following months.

Land Sector TA. In support of RERP's land administration reform agenda, the TA produced a draft report for the Prime Minister's Office (PMO) analyzing key gaps in the PA's current property taxation system, proposing options for revising the tax structure. Within this same agenda, the

TA produced another report, also for the PMO, proposing state and public land management policies—with accompanying legislation proposals. Also, in coordination with RERP, the TA has provided ongoing support to PLA and LSWC on IT development, property valuation, and gender inclusion. As regards the latter, in particular, the ASA has provided feedback and guidance on the development of the GAP being developed under RERP.

Energy Sector TA. The TA continues to be a key supportive tool for energy infrastructure projects. In support of ESPIP and its AF, the ASA assisted in technical assessments and the preparation of specifications for the RPP's bidding process, in particular for the development of the MIS and the solar rooftop initiative for households, small and medium enterprises (SMEs), and health facilities. In support of ASPIRE MPA, the ASA assisted Phase I implementation of the program by undertaking the conceptual design of the liquidity support account to enable private sector investment in solar IPPs as well as by supporting the development of its other components. The TA has also provided ongoing support in the initial discussions and conceptual design of the second phase of ASPIRE MPA. Finally, and importantly, the TA supported the RDNA assessment of energy sector damages and needs in Gaza following the May 2021 conflict.

Analytical Work on Sustainability of Infrastructure. The TA has begun making progress toward its main objective of providing systematic analysis on asset management for the infrastructure sector. Study teams on energy, water, and municipal infrastructure have conducted consultations with stakeholders—albeit with significant challenges due to COVID—to collect insights on central asset management issues. These consultation inputs, in turn, will help inform a set of case studies that are also under way in parallel, aimed at diagnosing the current state of infrastructure asset management and identifying priority areas for reform. The case studies will be the foundation for the final diagnostic report and guidance notes produced by the ASA, to be delivered in FY22.

Table 2: Project Highlights

Project	Key Developments	Beneficiaries	Progress	
AWP-I	• The PIC has been contracted, and the procurement of key packages is expected to be tendered in September 2021. • A detailed analysis regarding the construction of the BWSU was performed and the unit is expected to be established in early 2022. • ToRs are being developed for an update of the national water sector policy and strategy. In addition, ToRs have been tendered for the development of the Master Plan for Bulk Water Supply System and Priority Investments. • The government decided to establish the NWC in November 2020.	• 16 municipalities in the middle and southern governorates of Gaza with estimated population of 870,000 people • PWA	PDO: IP:	● ●

Project	Key Developments	Beneficiaries	Progress	
WMS Project	• Hiring of PMU staff is advancing, with key positions filled. The PWA has utilized other PMU staff members to fill the gap until the hiring process is completed. • Operation of facilities continues to follow agreed standards and the design for upgrades and rehabilitation of the facilities has been progressing to strengthen the system's resilience. • The PWA and CMWU were able to repair the pressure pipeline transporting wastewater from the TPS to the WWTP, which was damaged during the May 2021 conflict. Operation of service was gradually restored to its original status. • The PWA is progressing to ensure CMWU commitment with agreed fiduciary requirements, including discussions on the single procurement plan and finalization of the two ToRs for (a) the warehouse management and (b) technical and financial audit. • The draft agreement between the PWA and CMWU has been prepared and reviewed by all parties before its approval.	• 368,000 people benefited by improved sanitation services in North Gaza. • PWA • CMWU	PDO:	●
			IP:	●
MDP-3	• GAs of the 'AF for COVID-19 Response under MDP-3' were signed on April 1, 2021, and the AF was declared effective on April 26, 2021. • Implementation of project activities, including activities financed through the 'AF for COVID-19 Response', is currently under way.	• MoLG, MDLF, and municipalities • 1,970,000 people living in urban areas have been provided with access to improved services, including housing, tenure, neighborhoods, public spaces, parks, resilience, and urban environmental conditions.	PDO:	●
			IP:	●
	• Over 600 tons per day of waste—representing 94% of the waste generated by three governorates in the attended region—is being treated in the sanitary landfill constructed under the project.		PDO:	●

Project	Key Developments	Beneficiaries	Progress	
GSWMP	• The project closed 10 dumpsites in targeted areas, contributing to mitigating land contamination and significantly improving public and environmental health conditions. • Regarding COVID-19 mitigation assistance, additional funding through the PID MDTF was approved to support the JSC operation. These resources have enabled the JSC to implement additional secondary collection/routes at the height of the pandemic and serve the collection and disposal of solid waste from the quarantine centers, as well as provide personal protective equipment (PPE) and staff's safety training on proper waste collection procedures. • Internationally accepted SOPs and protocols were introduced for the Sofa landfill, the transfer station at Rafah, and the medical waste management sorting facility at the Khan Younis transfer station. The SOPs' implementation process started in July 2020 and has been formally adopted by the JSC committee in September 2020. • The Rafah transfer station constructed under the project—operational since late 2019—continues improving living conditions and cleanliness in the benefited area by handling the waste transfer. • The new microwave-based technology for treating infectious waste adopted by the medical waste treatment facility at Khan Younis has improved the facility treatment capacity in a cost-effective manner (lower costs). • The project has provided alternative livelihood support to 16 waste pickers through job retraining and placement. • Notwithstanding the fee collection impacts resulting from the COVID-19 pandemic and the most recent conflicts in Gaza, the annual bill collection of the JSC ended up with a modest rebound and a current fee collection rate from participating municipalities that reached the targeted 60% rate.	• 3 Gaza governorates • JSC-KRM • The Sofa sanitary landfill operation has been benefiting 921,400 people in the project area.	IP:	●

Project	Key Developments	Beneficiaries	Progress	
	• A results-based payment scheme has been established, and the independent verification agency has produced two semi-annual assessments. Based on evaluations, the JSC has received payments for achieving the agreed target performance results. This incentive scheme encourages the JSC to keep improving its performance.			
LGSIP	• The Program continues to be on track to achieve its PDO, having fully disbursed the program grants and achieved all its disbursement-linked indicators (DLIs). • To cover the expenses related to sanitation and public hygiene of the villages to combat the spread of the COVID-19 virus, 10 VCs submitted proposals—worth US$60,488—which were approved by the Program Committee in 2020.	• VCs • Beneficiaries of improved service delivery in beneficiary villages reached 466,704 people—surpassing the end target of 350,000.	PDO: IP:	● ●
RERP	• The SIA was completed, and an advanced draft of the SMP is nearing completion. • The inter-ministerial Steering Committee for the project became operational with fully defined ToR. • ToRs have been completed for the following activities: (a) the Development of Valuation Standards and Methodologies for Mass & Single Real Property Valuation and Regulation for Valuation Profession and the Collection of Data for Pilot Project and Analysis/Modeling; (b) a Technical Review of the PLA's existing Information Systems and the Preparation of its Digital Transformation Strategy; (c) a Citizen Satisfaction Baseline Survey for Property Registration and Transaction Services; and (d) Development of the Palestinian National Geodetic Reference Framework. • The LWSC is finishing procurement for the Project Management Information System (PMIS)/Workflow Management System. The contract agreement is expected to be signed in August 2021. • The Project Implementation Unit (PIU) is fully staffed at both the PLA and LWSC.	• LWSC • PLA	PDO: IP:	● ●

Project	Key Developments	Beneficiaries	Progress	
	• Gender units supporting training activities and gender awareness workshops have been established at the PLA and the LWSC. • The Capacity Building and Training Plan for the first year of the project is nearing finalization. • An independent verification agency to review submitted parcels for verification and reimbursement was hired.			
ESPIP	• Support provided for O&M of PETL and the staffing and operational budget for PENRA's PMU. The assistance contemplates IT, testing equipment, and safety gear to support PETL substations operation, with procurement of additional supply of spare parts. • Materials necessary to upgrade connection points are set to be delivered by December 2021. • MIS contract for the five DISCOs in the West Bank was signed. • The contract for the RPP for the six DISCOs was signed, and tests for the deployment of the software system were initiated. • A total of 19 solar systems were installed and are operational in households and health clinics in Gaza.	• PETL • DISCOs • PENRA	PDO: IP:	● ●
ASPIRE MPA	• Procurement packages for (a) the goods and materials required to rehabilitate IEC interconnection points in the West Bank, and (b) the installation of the MV lines from Qusin-Sarra Junction to Qusin-Bet Iba Junction are in advanced stages and are expected to be launched during the second semester of 2021. • The process for identifying grid enhancement needs regarding rooftop and small-scale solar PV systems was established by PENRA. • Five priority hospitals were selected, feasibility studies prepared, and environmental and social assessment started with procurement expected to be initiated during the second half of 2021.	• PENRA • PETL • MoF	PDO: IP:	● ●

Project	Key Developments	Beneficiaries	Progress
	• A 'design committee' was established by PENRA, PETL, and MoF for the LSAPS in November 2020. The committee is fully operational and progressing to approve the LSAPS Operations Manual by the end of 2021.		
Water Security TA	• The World Bank assisted the PWA—in partnership with the CMWU and UNICEF—on the damage assessment of WSS infrastructure and services, within the larger RDNA for Gaza in the aftermath of the conflicts of May 2021. • The TA supported the development of a financial model for the water sector in Palestine, including (a) financial models for a sample of SPs (four small and medium-size SPs) and (b) a sector-wide financial model to serve as a tool for financial policy evaluation. • In collaboration with the Israeli Water Authority (IWA), the TA supported the PWA on data collection and the construction of an action plan to increase the efficiency of the transboundary management of bulk water and wastewater in Hebron—in particular, by mitigating the financial burden from wastewater treatment costs deducted by Israel at the border. • The ASA has assisted the PWA to manage capacity constraints on wastewater treatment at the WWTP in Northern Gaza Emergency Sewage Treatment Project (NGEST). • The ASA continues supporting the PWA on the conceptual design of the performance-based program National Service Provider Improvement Program (NSPIP). The program aims to incentivize SPs to improve the quality of services delivered, encouraging them to join emergent regional utilities (in accordance with the 2014 Water Law).	• PWA • Hebron and other municipalities	n.a.[a]

Project	Key Developments	Beneficiaries	Progress
	• The ASA provided technical advice to the PWA regarding the framework to establish the BWSU. The proposed organizational structure will allow the supply unit to become financially sustainable in its provision of efficient bulk water services.		
LG Sector TA	• The MoLG and MDLF reached an understanding regarding the scope of LG performance monitoring and assessment system. The recruitment of consultants is under way. • A draft report proposing an inter-governmental fiscal transfer system for LGUs—contemplating forms of transfers, distribution methods, financing, and architecture of the system—has been produced and will be consulted with stakeholders in the next three months.	• PA • MoLG and MDLF • LGUs	n.a.
Land Sector TA	• A draft report analyzing key gaps in the PA's property taxation and providing options for revising the tax structure was completed and presented to the PMO. • Draft report on state and public land management and associated policies, with accompanying legislation, was completed and presented to the PMO. • In coordination with RERP activities, ongoing TA has been provided to the PLA and LWSC, focusing on IT development, property valuation, and gender inclusion. • Ongoing detailed feedback and guidance were provided on the development of the GAP under RERP.	• PA • LWSC • PLA	n.a.
Energy Sector TA	• The TA continues to support ESPIP and its AF in technical assessment and preparation of technical specifications for the bidding process to support the RPP—including the development of MIS and the solar rooftop initiative.	• PENRA • PETL • DISCOs • Gaza Electricity Distribution Company (GEDCO)	n.a.

Project	Key Developments	Beneficiaries	Progress
	• The TA supported implementation of ASPIRE Phase I, including technical advisory support to the 'design committee'—established by PENRA, PETL, and MoF—working on the liquidity support account to enable private sector investment in solar IPPs and the development of all major components. • The TA supported the assessment of damages and needs regarding the energy sector following the May 2021 conflict. • The TA supported initial discussions and conceptual design of ASPIRE Phase 2.		
Analytical Work on Sustainability of Infrastructure	• Study teams on energy, water, and municipal infrastructure have promoted consultations with key stakeholders to obtain insights on asset management issues. • The inability to carry out face-to-face consultations has prompted the teams to rely on surveys and virtual focused group discussions to collect information. Despite the natural challenges that emerged from those interaction modes, stakeholders have shown keen interest in the study and have provided the basic information required by the teams.	• PA • MoLG, MDLF, and LGUs • MoF • Ministry of Public Works	n.a.
Key	**PDO: Progress toward achieving the PDO; IP: Overall IP**		
	● Satisfactory or Highly Satisfactory; ● Moderately Satisfactory; ● Moderately Unsatisfactory/Unsatisfactory		

Note: a. Progress of the PDO and IP of Bank-executed ASAs are not formally rated.

2.4. PID MDTF Financial Data

2.4.1. Pledges

By June 30, 2021, the 9th year of the PID MDTF, a total of US$282.4 million had been pledged with participation from 11 DPs—the governments of Australia, Croatia, Denmark, Finland, France, Italy, the Netherlands, Norway, Portugal, Sweden, and the United Kingdom. Of the pledged amount, US$247.3 million has been paid in. Total donor pledges during FY21 came to US$9.6 million, all from Italy, a new DP in the PID MDTF. The COVID-19 pandemic has dealt a serious blow to the flow of financial contributions into the MDTF; FY21 was the second most meager year of contributions since the MDTF's inception. Of the Italian pledge made during FY21, US$6.1 million has already been paid in.

Table 3: PID MDTF Trustee-level Funds

TF071898	Approval	June 6, 2012
	Activation	July 20, 2012
	End of disbursement	December 31, 2022
TF072778	Approval	December 9, 2016
	Activation	December 15, 2016
	End of disbursement	December 31, 2027

Table 4: TF Financial Contributions as of June 30, 2021 (Pledged and Received)

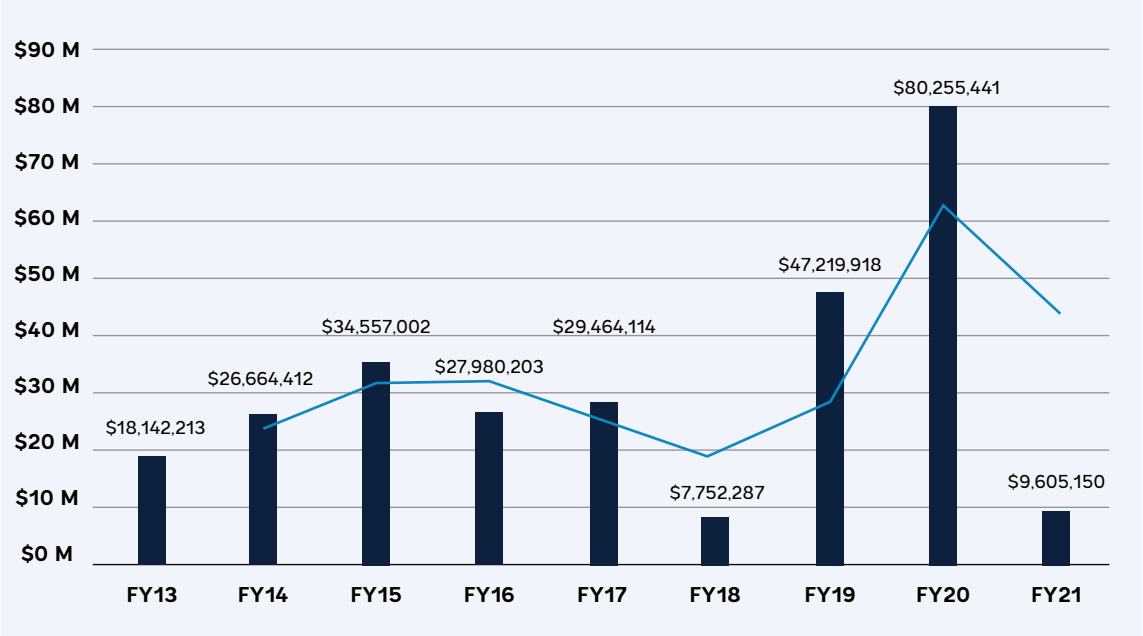
June 21		Pledged to Date - Total (in millions)					
Contributors	Currency	Pledged		Paid-in to date		Receivables	
		Pledge Currency	USD	Pledge Currency	USD	Pledge Currency	USD
Croatia	USD	0.2	0.2	0.2	0.2	0.0	0.0
Sweden	SEK	628.0	76.5	588.0	71.9	40.0	4.7
Denmark	DKK	360.0	60.0	360.0	60.0	0.0	0.0
Finland	EUR	11.0	13.0	11.0	13.0	0.0	0.0
France	EUR	3.5	4.4	3.5	4.4	0.0	0.0
Netherlands	USD	14.1	14.1	10.2	10.2	3.9	3.9

Norway	NOK	400.0	47.2	291.2	34.8	108.8	12.4
Portugal	EUR	0.2	0.2	0.2	0.2	0.0	0.0
United Kingdom	GBP	38.0	50.4	30.3	39.7	7.7	10.6
Australia	AUD	10.0	6.8	10.0	6.8	0.0	0.0
Italy	EUR	8.0	9.6	5.0	6.1	3.0	3.6
Total (USD)		—	**282.4**	—	**247.3**	—	**35.1**

Note: For reporting, total financials will be presented as consolidated sums by DP country jointly. However, disaggregated information by TF number and Unaudited Trust Fund Financial Reports can be found, respectively, in Annexes 4 and 6 of this report.

The average pledged amount during the recent two-year period, FY20/FY21, is US$44.9 million per year, a decrease from a US$63.7 million per year average during the previous two-year period, FY19/FY20. During the second year of the COVID-19 pandemic and following the May 2021 conflict between Israel and the de facto authority in Gaza, where critical infrastructures were damaged and destroyed, the World Bank has continued to maximize fundraising efforts and communicate with potential new DPs to join the PID MDTF. During the current reporting period, talks have been under way with the European Union (EU) to join the MDTF.

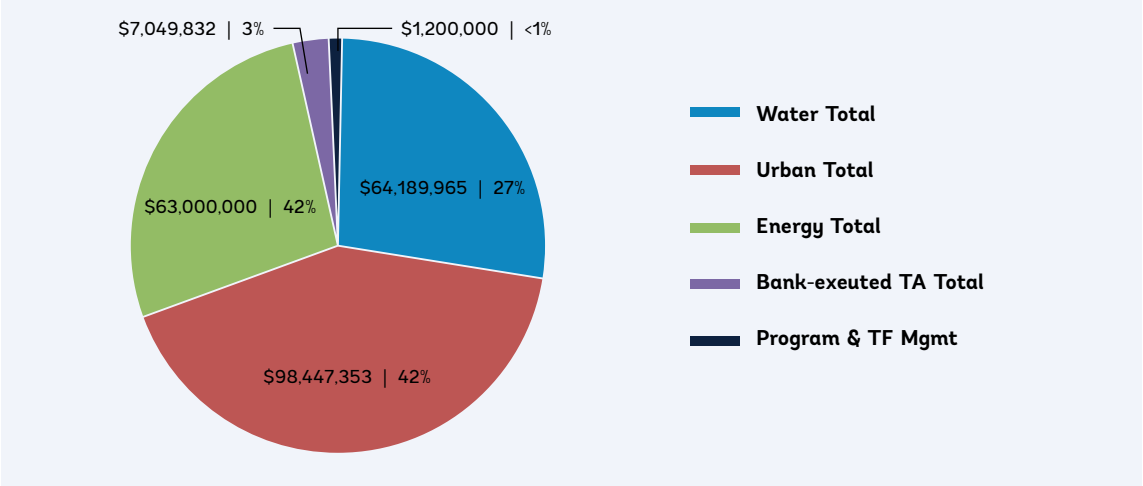
Figure 2: Pledges by PID MDTF Year



2.4.2. Commitments

PID MDTF funding in the total amount of US$233.9 million has been committed[20] for co-financing, 96.5 percent of which is in recipient-executed activities. The largest share (42%) of co-financing, US$98.4 million, is committed to the recipient-executed urban sector window (hereafter, the urban window), which includes solid waste and land management. The recipient-executed water sector window (hereafter, the water window) follows with an approximate total of US$64.2 million in commitments—27 percent of co-financing. Committed co-financing under the recipient-executed energy sector window (hereafter the energy window) amounts to a sum of US$63.0 million—27 percent of co-financing. As of end-FY21, 22 GAs for recipient-executed activities—amounting to US$225.6 million—had been signed with the PA during the lifetime of the MDTF. These 22 include new GAs signed during FY21 for the 'AF for COVID-19 Response under MDP-3' of US$10 million and the GSWMP AF of US$1.25 million, which replaced the original GA for GSWMP (US$750,000) and included an additional US$500,000 for incremental costs and COVID-related expenditures.

Figure 3: PID MDTF Grant Distribution by Window as of June 30, 2021



A total of US$7.0 million—3 percent of co-financing—across seven different activities has been committed to the Bank-executed ASA window. During FY21, the World Bank committed US$300,000 of PID MDTF resources to the Gaza Reconstruction activity, which supported the Gaza 2021 RDNA, jointly launched by the World Bank Group, the EU, and the United Nations (UN) to estimate the total damage and losses incurred in Gaza following the May 2021 conflict.[21]

In FY21, the Program Management and Administration (PM&A) commitments have been increased to US$1.2 million—0.42 percent of the total pledged amount—with an additional commitment of US$500,000 in August 2020, as agreed at the FY19 Oversight Group Annual meeting. Details of co-financing commitments to the sectors by the TFGWB can be found in Annex 7.

20 This includes commitments to closed projects since PID MDTF's inception.

21 Approximately 50% of this amount is being re-posted in FY22 to non-PID MDTF sectors that were also covered by the Gaza 2021 RDNA. As a result, the final net commitment of PID MDTF resources to this activity will be reduced to US$150,000 approximately.

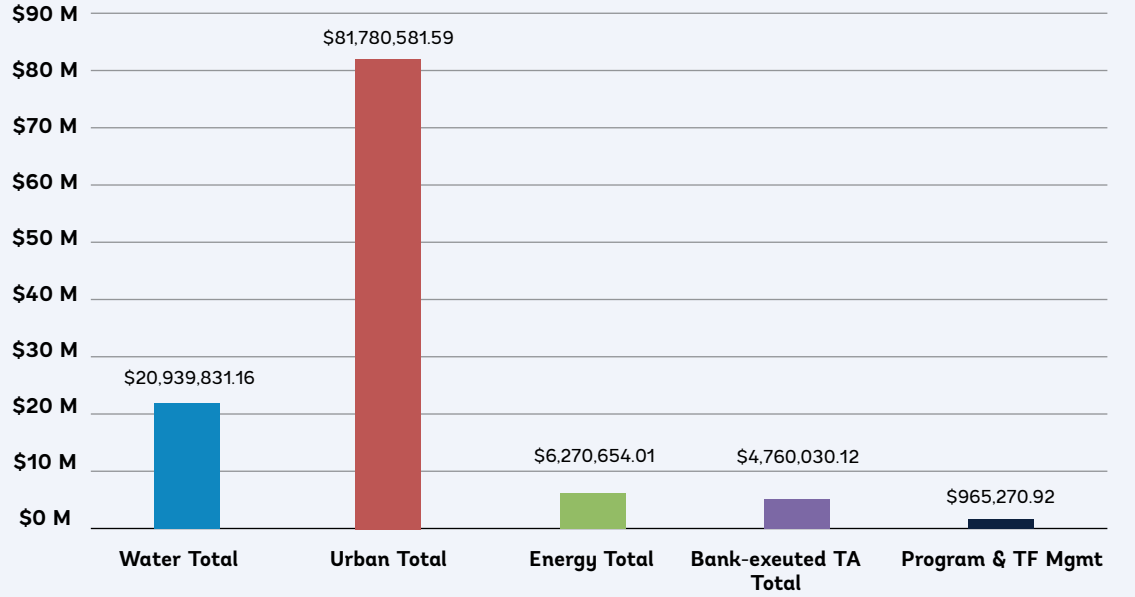
2.4.3. Disbursements

Total PID MDTF disbursements have reached US$118.5 million.[22] Under the water window, disbursements have reached US$20.9 million: US$18.5 million for the closed projects, US$2.0 million for AWP-I, and around US$450,000 for the WMS Project. Under the urban window, disbursements have reached US$81.8 million, equivalent to 83.1 percent of total sector commitments. During FY21, LGSIP has disbursed 100 percent of its commitments and MDP-3 has disbursed 74.5 percent. RERP, which was approved by the Board in FY20, has disbursed 3.4 percent. Under the energy window, disbursements have reached US$6.3 million or 10 percent of total commitments: US$4.7 million out of US$23 million for ESPIP and its AF and US$1.6 million out of US$63 million for ASPIRE MPA Phase I.

Please note that there are important differences between commitments and disbursements of funds. Commitments are defined as either funds assigned to contracts (signed or under execution) or funds allocated under ongoing procurement, while disbursements represent actual payments from a fund. There is often a significant lag between commitments and disbursements, as actual payments (disbursements) are only released gradually, as contractual milestones are achieved by contractors.

Disbursements under PID MDTF Bank-executed ASA activities have reached US$4.8 million (67.5% of commitments for Bank-executed ASA). As of the end of FY21, PM&A disbursements totaled US$965,271 (80.4% of commitments for PM&A) since the PID MDTF's inception.

Figure 4: PID MDTF Disbursement by Window as of June 30, 2021[a]



Note: a. These disbursement figures are cumulative since the inception of PID MDTF in 2012, including both TF071898 and TF072778.

22 For detailed disbursement figures by sector and project, please refer to the sector reviews (Section 5).

Table 5: PID MDTF Child TFs as of June 30, 2021

Grant Number	Grant Name	Execution	Legal Status	Project ID	Project Approval Date	Grant Effectiveness Date	Grant Closing Date	Grant Amount (after any canceled funds) US$	Disbursements US$
TF071898									
TF016476	SECOND MUNICIPAL DEVELOPMENT PROJECT	Recipient Executed	Legally closed	P127163	26-Mar-14	17-Apr-14	28-Feb-18	25,799,060	25,799,060
TF018376	SOUTHERN WEST BANK SOLID WASTE MANAGEMENT PROJECT	Recipient Executed	Legally closed	P154102	11-May-15	15-Jun-15	30-Jun-16	1,500,000	1,500,000
TF018377	GAZA SOLID WASTE MANAGEMENT PROJECT	Recipient Executed	Dropped	P121648	31-Mar-14	9-Jul-14	30-Nov-20	750,000	0
TF018378	GZ EMERGENCY RESPONSE AF MDP-2	Recipient Executed	Legally closed	P152523	7-Dec-14	29-Jan-15	28-Feb-18	11,999,001	11,999,001
TF0A1061	SECOND MUNICIPAL DEVELOPMENT PROJECT - ADDITIONAL FINANCING	Recipient Executed	Legally closed	P155268	14-Apr-16	26-Oct-16	28-Feb-18	6,899,293	6,899,293
TF0A4511	LOCAL GOVERNANCE AND SERVICES IMPROVEMENT PROGRAM (LGSIP)	Recipient Executed	Active	P148896	14-Mar-17	14-Mar-17	31-Dec-20	13,000,000	13,000,000

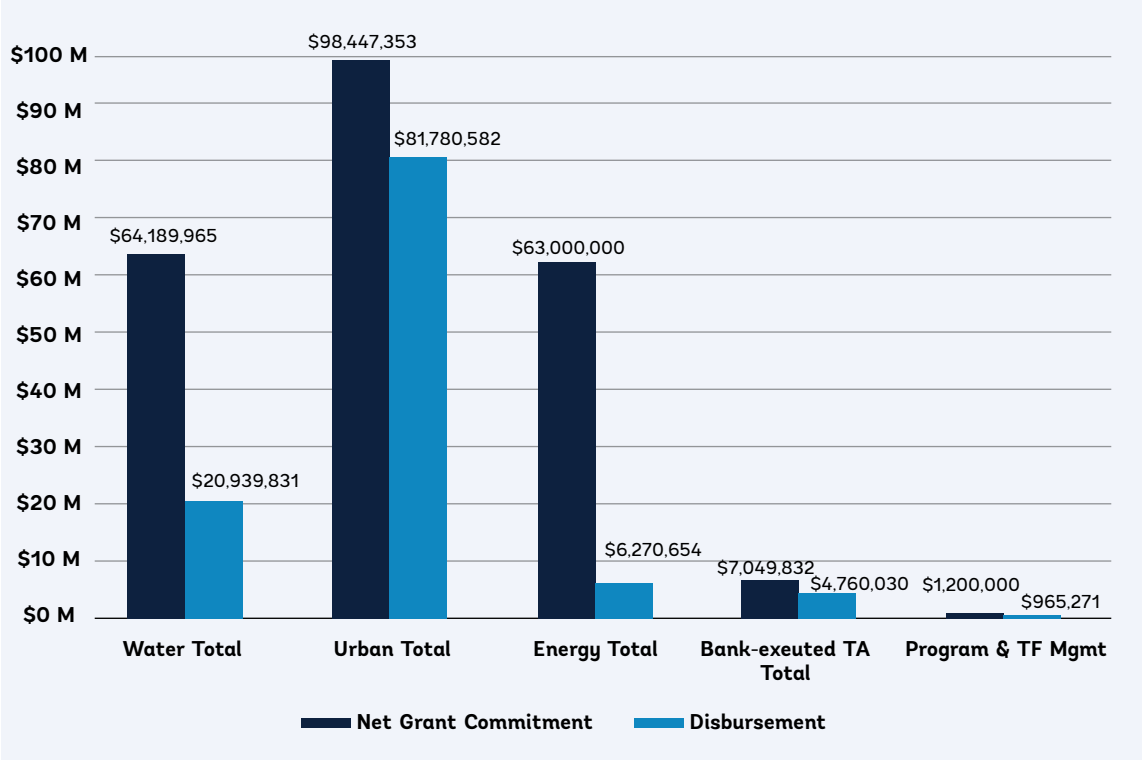
Grant Number	Grant Name	Execution	Legal Status	Project ID	Project Approval Date	Grant Effectiveness Date	Grant Closing Date	Grant Amount (after any canceled funds) US$	Disbursements US$
TF0B0101	MDP-3 ADDITIONAL FINANCING FOR EMERGENCY LABOR-INTENSIVE GAZA MUNICIPAL SERVICES	Recipient Executed	Active	P168544	2-May-19	17-Jun-19	28-Feb-22	5,000,000	2,863,038
TF0B3584	ADDITIONAL FINANCE: GAZA SOLID WASTE MANAGEMENT RBF PROJECT	Recipient Executed	Active	P121648	31-Mar-14	05-Nov-20	30-Jun-22	1,250,000	200,000
TF017221	NGEST SOLAR POWER FEASIBILITY STUDY	Bank Executed	Legally closed	P149853	14-Apr-14	19-Aug-14	31-Mar-16	149,832	149,832
TF0A3599	PALESTINE LOCAL GOVERNMENT SECTOR REFORM SUPPORT	Bank Executed	Active	P161279	3-Oct-16	12-Oct-16	31-Dec-20	1,300,000	1,036,600
TF0A4202	WEST BANK & GAZA ENERGY SECTOR PROGRAMMATIC TECHNICAL ASSISTANCE	Bank Executed	Active	P162545	1-Jan-17	3-May-17	30-Jun-21	2,000,000	1,753,753
TF0A2807	PROJECT PREPARATION GRANT FOR ESPIP	Recipient Executed	Legally closed	P148600	9-Jun-16	1-Aug-16	31-Dec-18	0	0

Grant Number	Grant Name	Execution	Legal Status	Project ID	Project Approval Date	Grant Effectiveness Date	Grant Closing Date	Grant Amount (after any canceled funds) US$	Disbursements US$
TF0A5078	WEST BANK AND GAZA ELECTRICITY SECTOR PERFORMANCE IMPROVEMENT PROJECT	Recipient Executed	Active	P148600	15-Aug-17	16-Jan-18	30-Jun-22	7,000,000	3,827,946
TF0A9136	ESPIP AF	Recipient Executed	Active	P167914	15-Jan-19	11-Jun-19	30-Jun-22	7,000,000	863,117
TF014530	PID MDTF PROGRAM AND TF MANAGEMENT FUND	Bank Executed	Active	P130100	18-Jun-12	2-Apr-13	31-Dec-22	700,000	677,477
TF0B3943	PID MDTF PROGRAM MANAGEMENT AND ADMINISTRATION	Bank Executed	Active	P130100	18-Jun-12	31-Aug-20	31-Aug-22	500,000	287,794
TF0B6197	GAZA RECONSTRUCTION	Bank Executed	Active	P173131	25-Jun-21	26-Jun-21	31-Dec-21	300,000	1,903
TF017186	GAZA SUSTAINABLE WATER SUPPLY PROGRAM: ADDITIONAL WORKS	Recipient Executed	Legally closed	P150494	12-Oct-15	5-Jan-16	31-May-18	2,398,161	2,398,161
TF015756	WATER SECTOR CAPACITY BUILDING CO-FINANCING FUND	Recipient Executed	Legally closed	P117443	5-Feb-14	2-Jun-15	31-Dec-17	2,852,452	2,852,452

Grant Number	Grant Name	Execution	Legal Status	Project ID	Project Approval Date	Grant Effectiveness Date	Grant Closing Date	Grant Amount (after any canceled funds) US$	Disbursements US$
TF016501	THIRD ADDITIONAL FINANCING FOR THE NORTH GAZA EMERGENCY SEWAGE TREATMENT PROJECT	Recipient Executed	Legally closed	P074595	8-May-14	18-Nov-14	30-Jun-18	5,000,000	5,000,000
TF018268	GAZA EMERGENCY WATER SUPPLY AND SEWAGE SYSTEMS IMPROVEMENT PROJECT ADDITIONAL FINANCING	Recipient Executed	Legally closed	P101289	3-Dec-14	26-Jan-15	31-Dec-17	8,239,352	8,239,352
TF0A7564	WATER SECURITY TECHNICAL ASSISTANCE	Bank Executed	Active	P167309	1-May-18	2-May-18	31-Jan-21	900,000	578,388
Subtotal								**104,537,151**	**89,923,165**
TF072778									
TF0A4947	SUPPORT TO THE PALESTINIAN LAND SECTOR REFORM	Bank Executed	Active	P163872	24-Apr-17	22-Jun-17	30-Nov-23	2,000,000	987,242
TF0A6154	MUNICIPAL DEVELOPMENT PROJECT III - PID MDTF	Recipient Executed	Active	P159258	21-Jul-17	14-Dec-17	28-Feb-22	20,000,000	19,420,191

Grant Number	Grant Name	Execution	Legal Status	Project ID	Project Approval Date	Grant Effectiveness Date	Grant Closing Date	Grant Amount (after any canceled funds) US$	Disbursements US$
TF0B0359	WEST BANK AND GAZA REAL ESTATE REGISTRATION PROJECT (RERP)	Recipient Executed	Active	P168576	22-Jul-19	05-Mar-20	30-Nov-23	3,000,000	100,000
TF0B2334	WATER SECURITY DEVELOPMENT - GAZA CENTRAL DESALINATION PROGRAM	Recipient Executed	Active	P168739	10-Feb-20	-26Apr20-	31-Dec-24	42,000,000	2,000,000
TF0B2694	WASTEWATER MANAGEMENT SUSTAINABILITY PROJECT	Recipient Executed	Active	P172578	10-Jun- 20	2-Sep-20	30-Jun-24	3,700,000	449,866
TF0B2962	SUSTAINED SERVICE DELIVERY THROUGH IMPROVED O&M OF INFRASTRUCTURE IN WEST BANK AND GAZA	Bank Executed	Active	P173131	15-Feb-20	15-Feb-2020	30-Sep-21	400,000	256,313
TF0B3015	PID MDTF ASPIRE MPA PHASE I	Recipient Executed	Active	P170928	27-Apr-20	25-Sep-20	31-Dec-24	49,000,000	1,579,592
TF0B5172	AF FOR COVID-19 MUNICIPAL RESPONSE UNDER MDP-3	Recipient Executed	Active	P159258	21-July-17	26-Apr-21	28-Feb-23	10,000,000	3,776,128
Subtotal								**130,100,000**	**28,569,332**
Total combining TF071898 and TF072778								**233,887,151**	**118,492,496**

Figure 5: PID MDTF Disbursements versus Net Grant Commitments[a] by Sector as of June 30, 2021[b]



Note: a. Net grant commitments here refer to the signed grant amounts minus any canceled amount that has returned to the PID MDTF.

b. These disbursement figures are cumulative since the inception of the PID MDTF in 2012, including both TF071898 and TF072778.

2.4.4. Allocations and Financing Needs

Total PID MDTF funding commitments and allocations at the end of FY21 amounted to US$260.5 million, with US$15.7 million unallocated. Of the US$24.7 million allocated funds, around US$9.0 million is for the proposed Water Security Development Program Multiphase Programmatic Approach (WSDP MPA), which is a continuation of the AWP-I concept. In the energy sector, US$7.5 million has been allocated to the upcoming ASPIRE MPA Phase II, currently under preparation. Additionally, to ensure continuity of analytical work and TA for both the water and energy sectors, US$650,000 and US$200,000 have been allocated to the Water Security TA and Energy Sector TA, respectively. An allocation of US$700,000 for project supervision (out of the 3% cap for PM&A) was made in FY20 but has not yet been mobilized due to COVID travel restrictions. As soon as COVID restrictions subside and in-person missions can be resumed, this allocation will allow the World Bank project team to address the current bottled-up demand for enhanced supervision and implementation support in the cross-cutting themes—including gender, CE, and climate and resilience. More details about allocations and financing needs are given in Tables 6, 7 and 8 below.

Table 6: PID MDTF Commitments and Allocations (US$) as of June 30, 2021

Pledged		**282,398,660**
PID MDTF commitments		
Commitments to closed activities		
Water sector		18,489,965
Urban sector		46,197,353
Energy sector		0
Bank-executed ASA		149,832
	Subtotal closed	**64,837,151**
Commitments to active (and pending) activities		
Water sector		45,700,000
Urban sector		52,250,000
Energy sector		63,000,000
Bank-executed ASA		6,900,000
PM&A (up to 3%)		1,200,000
	Subtotal active	**169,050,000**
Total committed		**233,887,151**
PID MDTF allocations		
WSDP MPA		8,973,788
Water sector		**8,973,788**
ASPIRE MPA Phase II		7,500,000
Energy sector		**7,500,000**
Water Security TA		650,000
Energy Sector TA		200,000
Bank-executed ASA		**850,000**
Project supervision		700,000
PM&A (up to 3%)		6,571,960
Additional costs		**7,271,960**
Total allocated		**24,595,748**

TF fee (5-2%)	
[Committed] TF fee	7,754,877
[Allocated] TF fee	358,952
TF fee	**8,113,828**
Total unallocated	**15,801,934[a]**

Note: a. Under World Bank TF rules, qualified pledges are not available for commitment to new recipient-executed operations or Bank-executed ASA. A pledge is considered qualified when the Administration Agreement or Supplemental Agreement contains language that conditions actual payment of pledged amounts to parliamentary approval, budgetary appropriation, or any other such condition. Many donors include such qualifications in their pledges and for this reason—although qualified pledges are included in receivables—they cannot be committed to any activity until either they are fully paid in or the relevant parliamentary approval or budgetary appropriation is confirmed. Hence, the US$15.8 million figure for unallocated pledges in Table 6 needs to be taken with a grain of salt, as these funds are not necessarily available for new commitments.

Funding needs going forward for the PID MDTF are estimated from two perspectives in Table 7 and Table 8. Table 7 presents an estimate of funding needs for specific flagship projects—either upcoming or proposed—along with a summary of objectives and rationales for each funding proposal. The estimates for Table 7 are drawn from the World Bank's assessment of feasible activities considered of high priority for co-financing under the PID MDTF. Table 8, on the other hand, is a broader, less specific estimate of capital investment needs identified by PA line agencies in the water, urban, and energy sectors, presented as a breakdown of committed and allocated funding by source along with an estimate of the remaining funding gap by type of activity. As noted in Table 8, the total estimated financing gap amounts to US$280.5 million—US$98 million in the water sector, US$53 million in the urban sector, and US$129.5 million in the energy sector. The World Bank supports the PA in its efforts to cover the financing gap. However, the World Bank only finances—whether through the TFGWB or PID MDTF—a share of overall sector needs appraised as viable investments.

Table 7: Proposed and Upcoming Activities

Project	Period	PID MDTF Co-financing	Financing Gaps	Objective
WMS – Wastewater Management Sustainability Project (P172578)	June 2020–May 2024	US$3.7 million	US$7.5 million	To support the continuation of wastewater treatment services in North Gaza and to strengthen the capacity of the water institutions to efficiently manage wastewater services.

Project	Period	PID MDTF Co-financing	Financing Gaps	Objective
The WMS Project is designed to finance efficient O&M for the NGWMF for four years and build conditions for sustainable wastewater treatment services. The WMS Project is providing technical and financial resources to prevent collapse of the NGWMF and continue the operation of facilities at design capacity, while building a long-term technical, institutional, and financial capacity to operate and maintain wastewater services. The PWA, the implementing agency for the project, is working to gradually transfer O&M responsibilities of NGWMF to the CMWU. Based on the PWA's request, additional funding in the amount of US$7.5 million will be needed to restore damages and build resilience in Gaza through Component 5 (Contingent Emergency Response Component).				
HRWMP-I – Hebron Regional Wastewater Management Project - Phase I (P117449)	January 2010–December 2022	US$0 million	US$10.5 million	To reduce the environmental pollution from wastewater produced in the Hebron Municipality.
HRWMP-I has been essential in establishing basic wastewater services for Hebron City and improving environmental protection along Wadi As-Samen by reducing uncontrolled sewage and making treated effluent available for agriculture. The key results of HRWMP-I are (a) treatment of the current wastewater stream discharged from Hebron Municipality in Wadi As-Samen, (b) sustainably managed treatment of wastewater loads from Hebron Municipality, and (c) increase of water potentially available for irrigating farmers' lands. The current financing gap is US$10.5 million to operate, supervise, and support the Hebron WWTP for a period of five years, along with required TA.				
WSDP MPA – Water Security Development Program MPA (new project building on AWP-I)	FY23–FY32 (Proposed)	US$9 million	US$80.0 million	To improve water and wastewater service quality and ensure sector financial sustainability.
Based on the PWA's request and in close coordination with DPs, the WSDP MPA is proposed as the long-term program to build on the current AWP-I, with its focus on sector reform and institution building. The proposed 10-year long MPA program is designed to tackle the two most salient challenges: (a) eliminating current net lending issues from the water sector and (b) strengthening the sector's financial sustainability. A funding gap of US$80 million will need to be addressed to (a) support providers to move up the performance ladder, (b) separate water service provision from other municipal services, (c) cluster SPs to achieve economies of scale, (d) establish a NWC, and (e) develop infrastructure.				
GSWMP AF – Gaza Solid Waste Management Project (P121648)	August 2020–June 2022	US$1.25 million	US$3.0 million	To improve solid waste management services in the Gaza Strip.

Project	Period	PID MDTF Co-financing	Financing Gaps	Objective
Designed with the objective of improving SWM services in the Gaza Strip through the provision of more efficient and environmentally/socially sound waste management systems, GSWMP has been under implementation since 2014. At the request of the MoLG, the GSWMP AF provides financing to help the JSC-KRM operate and support cost recovery for the upgraded transfer station and disposal services of the JSC-KRM as well as the newly expanded container maintenance and medical waste services during their first two years of operation. Supplemental financing in the amount of US$3 million is needed for (a) construction of a transfer station in the Middle Area governorate (which had been initially eliminated at midterm review [MTR] due to budget limitations), and (b) additional O&M costs for the JSC's secondary collection and municipalities' service quality and financial sustainability improvements.				
LGSP – Local Government Support Program, MPA Phase I	FY23–FY25 (Proposed)	US$0.0 million	US$50.0 million	To improve solid waste management services in the Gaza Strip.
A multi-phased approach is proposed to consolidate and strengthen the World Bank's support to LG in the WB&G. Phase I of the proposed multi-phased program will be two-pronged: (a) supporting reconstruction in Gaza, focusing on neighborhood upgrading in urban core areas in select municipalities heavily affected by the May 2021 war and (b) sustaining ongoing activities and reform efforts to improve local service delivery. Phases II and III will aim at creating opportunities for socioeconomic support and introduce or advance sectoral reforms related to lagging regions, fiscal transfers, municipal lending, and O&M. Phase III, building on the previous phases and sector support by the World Bank, will target the more heavily populated, advanced urban areas with larger-scale, high-impact joint development projects. A current financing gap of US$50 million needs to be addressed to sustain support to the National Village Support Program, thus expanding reforms in the intergovernmental fiscal transfer (IGFT) system and finance community-level service projects by VCs and JSCs.				
ASPIRE MPA (Phases II–IV) – Advancing Sustainability in Performance, Infrastructure, and Reliability of the Energy Sector (P170928)	April 2020–June 2028	US$7.5 million	US$129.5 million	To improve operational and financial performance of electricity sector institutions and promote diversification of energy sources.
ASPIRE MPA is designed on the analytical foundation provided by the Securing Energy for Development Report, which elaborated the PENRA Vision 2030 to limit dependence on any one source of energy to no more than 50 percent. The subsequent phases of the MPA—which require additional funds of US$129.5 million—are expected to continue to scale up specific activities from Phase I, including (a) support for solar PV rooftop and energy efficiency in the WB&G, (b) upgrade of priority distribution lines (low-voltage [LV]/MV), (c) support for sector improvements, such as tariff and regulatory reforms and operational measures, and (d) PETL liquidity support facility for IPPs.				

Table 8: Committed/Allocated Funding and Financing Gap (US$, millions)

Ongoing and Proposed Activity	Committed/Allocated Funding			Financing Gap (Additional Funding Needs)
	TFGWB	PID	Other	
WMS Project – for Gaza	10.0	3.7	0.0	7.5 - AF will be requested under the WMS Project for repair of damages due to May 2021 conflict and building resilience in Gaza.
HRWMP-I – future O&M of Hebron wastewater treatment plant	0.0	0.0	0.0	10.5 - Operation, supervision, and support, for a period of 5 years, of Hebron WWTP, along with required TA.
WSDP MPA – Water Security Development Program MPA (new project building on AWP-I)	15.0	9.0	0.0	80.0 - PWA requested support for a new multi-phase operation, building on current AWP-I, focused on the implementation of the 2014 Water Law, and in particular: (a) supporting providers to move up the performance ladder, (b) separating water service provision from other municipal services, (c) clustering SPs into RWUs to achieve economies of scale, (d) establishing a NWC, and (e) developing and/or rehabilitating required infrastructure.
Water: allocation and financing gap	**25.0**	**12.7**	**0.0**	**98.0**
GSWMP AF	10.0	1.25	2.0	3.0 - Supplemental financing for the existing AF/construction of a transfer station in the Middle Area governorate that was eliminated at the MTR due to budget limitations; additional O&M funding for the JSC's secondary collection and municipalities' service quality and financial sustainability improvements.
LGSP, MPA Phase I	0.0	0.0	0.0	50.0 - Envisioned as an MPA, the LGSP is envisioned to consolidate the World Bank's support to the LG Sector. It will thus cover all LGU levels (municipalities, VCs and Joint Service Councils) and encompass municipal infrastructure, resilience, asset sustainability (through support to improved O&M culture), and sustained capacity build up. It will build on gains from the completing LGSIP, and the on-going MDP3 and ICUD, as well as urban regeneration/ post conflict reconstruction in Gaza. LGSP will sustain the support to the National Village Support Program, thus expanding reforms in the intergovernmental fiscal transfer system and finance community-level service projects by VCs and JSCs. The on-going ASA on Infrastructure Sustainability is defining support to improved asset management and will thus feed into the design of this proposed operation. The investment proposals coming out of ICUD will also considered for support under the MPA. Board submission of Phase 1 of the LGSP is expected in FY23.

Ongoing and Proposed Activity	Committed/Allocated Funding			Financing Gap (Additional Funding Needs)
	TFGWB	PID	Other	
MDP-3	41.0	35.0	~135.0[a]	Revolving fund in the MDLF for a pilot lending program for select municipalities. The ongoing MDP-3 is currently supporting analytical work on the legal, institutional, and operational framework for lending to LGUs. This activity will be subsumed under the LGSP.
Urban/Local Government: allocation and financing gap	**51.0**	**36.25**	**~137.0**	**53.0**
ASPIRE MPA – Phases II-IV	15.0	7.5	0.0	7.5 - Support for solar PV rooftop and energy efficiency in the WB&G, including storage technology and battery waste management.
				45.0 - In the West Bank for priority high-voltage (HV)/MV/LV infrastructure, including substations; improving of distribution system; and scale-up of RPP.
				35.0 - In Gaza for implementation of HV/MV/LV priority infrastructure, including substations; improving of distribution system; and scale-up of RPP.
				12.0 - Support for sector improvements, including tariff and regulatory reforms and operational measures
				30.0 - PETL liquidity support facility for IPPs.
Energy: allocation and financing gap	**15.0**	**7.5**	**0.0**	**129.5**[b]
Total additional funding needs				**280.5**

Note: a. Parallel financing in the amount of EUR 117.8 million—(a) EUR 62.75 million from Germany through German Development Bank (KfW) and the German Agency for International Cooperation (GIZ), (b) EUR 25.4 million from AFD, (c) EUR 1.2 million from the Netherlands, (d) EUR 10 million from the EU, (e) EUR 4.8 million from Switzerland, and (f) EUR 13.6 million from the PA.

b. ASPIRE MPA—with an estimated US$200 million funding envelope—will be implemented over eight years. The US$129.5 million identified in the AF needs above is for Phases II-IV of the MPA (2020–2028), based on activities identified in the program framework. This additional funding will be added to the US$49 million of PID MDTF funding and US$14 million of TFGWB funding already included in the approved Phase I. The specific funding needs for each future phase will be defined in more detail in due course.

3. Country Context

3.1. COVID-19 Impact

COVID-19 related lockdowns were eased during the first half of 2021, allowing economic activity in the WB&G to pick up. Given the decline in the daily number of new COVID-19 cases, especially in the second quarter (Q2) of 2021, lockdowns have been significantly eased. Combined with the acceleration of the vaccination campaign, the trend of declining cases has allowed consumer confidence to slowly pick up and business activity to gradually rebound. According to data published by the Palestine Central Bureau of Statistics, real gross domestic product (GDP) of the Palestinian economy grew by 5.4 percent in the first half of 2021, y-o-y.

The improved economic performance in the first half of 2021 was fully driven by the West Bank economy, while Gaza's economy remained almost stagnant. The West Bank grew by 6.5 percent in the first half of 2021, y-o-y, mostly driven by consumption due to the ease of COVID-19 related measures, a significant increase in public spending, and an increase in the number of Palestinians working in Israel and the settlements from 125,000 in 2020 to 146,000 in Q2 2021. In Gaza, however, the May 2021 conflict negatively affected economic activity and is estimated to have destroyed 2 percent of Gaza's capital stock. Despite an increase in public spending in Gaza and initial reconstructions efforts, Gaza's real GDP growth is estimated at a mere 0.3 percent in the first half of 2021, y-o-y.

Furthermore, vaccination rates in Gaza have been lagging those of the West Bank. Mass vaccination began in the WB&G in March 2021, and accelerated in August, helped by deliveries of vaccine doses under the Covax scheme. However, the difficult political situation in Gaza has led to relative underperformance of the vaccination campaign in Gaza. According to the September 2021 WHO situation report, 17 percent of people of Gaza had received at least one dose of a COVID-19 vaccine, compared to 25 percent of the population in the West Bank.

The unemployment rate has remained stubbornly high in 2021. After the breakout of COVID-19 in the WB&G in March 2020, the unemployment rate started to increase given the restrictions on economic activity and the loss of Palestinian jobs in the Israeli market. The unemployment rate peaked at 28.3 percent in Q3 2020 until it slightly eased toward the end of the year, reaching 23.4 percent in Q4 2020. Even though the lockdowns were eased in 2021, the unemployment rate increased and reached 26.4 percent in Q2 2021 in the WB&G. The increase could be explained by a 1.9 percentage point rise in the participation rate as a higher number of men and women were encouraged to join the labor market with the improvement in economic conditions. The overall rate masks a wide regional divergence whereby unemployment in the West Bank reached 16.9 percent in Q2 2021 while in Gaza it was 44.7 percent, reflecting the effect of the 11-day conflict compounded with worsening COVID-19 conditions.

The near-term economic outlook for the WB&G shows signs of recovery but sustainable sources of growth remain limited going forward. Following a strong performance in the first half of 2021, the Palestinian economy is expected to continue to grow during the remainder of the year and regain more of what was lost during 2020 due to the pandemic. In the West Bank, growth is expected to reach 6.7 percent in 2021 driven by a continued easing of the lockdown measures and progress in the vaccination campaign. In Gaza, the implementation of some confidence building measures by the GoI including granting 10,000 people from Gaza

trade permits to Israel, widening the fishing zone, and easing some restrictions on exports while allowing some construction material to come in to enable reconstruction are all expected to push growth in Gaza to around 3 percent in 2021. In total, the Palestinian economy is projected to grow by 6 percent in 2021. However, in the following years, growth is expected to hover around 3 percent as the low-base effect weakens and as sources of growth remain limited.

Two projects in the PID MDTF's portfolio have been expanded to encompass an emergency response to the COVID-19 pandemic: MDP-3 and GSWMP. MDP-3 saw a 50 percent increase in its funding allocation, supporting an array of emergency measures, including cash-for-work schemes and financing for recurrent costs in cases where municipality revenues have temporarily been lost due to pandemic-related disruption. GSWMP also saw a COVID-19 related increase in funding to support the purchase of PPE for employees and the collection of the increased amount of household waste that was generated as a result of stay-at-home conditions.

All PID MDTF projects have experienced some level of COVID-19 related disruption. The pandemic and related public health measures have introduced new frictions at every level of implementation within the PID MDTF's portfolio. Government processes necessary to support projects have been obstructed—such as implementation of the new water law. Key partners have been locked down for long periods, including municipal governments. Hiring has been challenging and slow. Site visits have been restricted and face-to-face contact limited. However, the level of disruption is now decreasing, and with the rate of vaccination steadily increasing, we can reasonably expect that the worst of the pandemic-related disruption to project implementation is now behind us.

3.1.1. COVID-19 Response: Water Sector

The COVID-19 crisis has intensified existing pressure on Gaza's water infrastructure. The pandemic has led to increased absenteeism among skilled staff as they are forced to quarantine, or in some cases, seek medical treatment. It has also led to unexpected shortages of critical chemicals such as chlorine. Finally, the economic damage done by the crisis and the disruption to functioning of the government have led to a dramatic decrease in revenue collection by local SPs.

The PID MDTF's water sector projects have experienced some disruption. Although key positions have now been filled, the WMS Project experienced delays in recruiting PMU staff as a result of COVID-19 related disruption combined with a government-imposed salary cap. AWP-I has also encountered pandemic-related difficulties, with the problem in this case being interruption to the normal functioning of the government, which has slowed implementation of the new water law. Overall, however, water sector projects have been more disrupted by the outbreak of military conflict in May 2021 than by the pandemic.

3.1.2. COVID-19 Response: Urban and Land Sectors

LG has been at the heart of the COVID-19 response in the WB&G, leading to an expansion of the PID MDTF's urban and land portfolio. MDP-3 and LGSIP were swiftly adjusted to allow LGUs to cover urgent COVID-19 related expenses and to maintain services during this period. MDP-3 and GSWMP have taken on new responsibilities backed by new funding.

Since March 2021, MDP-3 has received US$25 million in additional funding (US$10 million of which was funded by the PID MDTF). This AF is for labor-intensive public works (LIPW) schemes designed to alleviate the unemployment crisis, as well as the funding of recurrent costs—in cases where municipal revenues have temporarily been lost due to pandemic-related disruption—and enhancing the preparedness of municipalities to deal with future shocks. The project's end date has also been extended by one year, to February 28, 2023, so as to reflect this expanded scope of work.

In August 2020, GSWMP saw an increase in funding of US$0.5 million for incremental and COVID-related costs. In this case, the additional funding supported (a) the purchase of PPE, disinfectant equipment, and other workplace safety kits; (b) increased frequency of waste collection required to address increasing quantities of solid waste incurred from the stay-at-home conditions; (c) additional waste handling requirements from quarantine centers and the collection of general solid waste; and (d) precautionary handling of medical waste treatment and disposal.

Aspects of LGSIP have been adapted in response to the pandemic. In particular, LGSIP has allowed VCs to use part of their Annual Capital Investment Grant (ACIG) allocation for 2019/20 to cover urgent expenses incurred in responding to COVID-19, provided the VC consults with the local community and reflects the emerging need in its community plan. A total of 10 VCs have submitted and had approved (by the Program Committee) proposals worth US$60,490.

The pandemic has disrupted the implementation of RERP, necessitating some adaptation. Movement restrictions and prolonged government closures have affected planned consultancies as well as settlement and works operations. To mitigate the impact of these disruptions, SLR activities have focused on areas of the West Bank with lower rates of infection. Even so, the project timeline will be reassessed in December 2021, at the MTR, to reflect the new reality.

3.1.3. COVID-19 Response: Energy Sector

The pandemic presents a mix of challenges and opportunities in the energy sector. Although PENRA has continued to report strong revenue collection through the pandemic, the COVID-19 crisis has presented complex issues of shifting load and placed severe economic pressure on customers. In some ways, the pandemic has opened space for further reform.

The crisis led to changes in the ongoing solar PV pilot under ESPIP. The disruption caused by the pandemic was yet another factor that hindered the rooftop solar PV pilot that had aimed to install 100 rooftop solar PV systems over the last three years, but has so far only installed a small fraction of that number. However, in response to the pandemic, the project team directed the revolving fund to focus on health clinics. Seven solar PV systems have now been successfully installed at health clinics. Procurement for a batch of 13 more systems—also mostly in health clinics—is currently under way.

ASPIRE MPA has experienced COVID-19 disruption, particularly in terms of Component 1, which is largely focused on infrastructure. Governorates across the West Bank have been in various degrees of lockdown since the beginning of the pandemic, severely affecting the ability of the project team to conduct technical meetings with staff from PETL and the DISCOs, conduct site visits to prepare the Environmental and Social Framework (ESF) instruments—including stakeholder consultations—or ensure adherence to the World Bank policies and procedural requirements. The other components are also affected but the impact is not severe as many sub-components are able to proceed through virtual meetings. Despite these challenges, though, Phase I of the MPA is proceeding rapidly. Indeed, the pandemic has even served to create new entry points to accelerate the process of electricity sector reform. The flexible nature of the MPA is ideally structured to take advantage of these opportunities as they arise.

3.2. The May 2021 Conflict

In May 2021, weeks of gathering tension erupted into the most damaging round of violence that Gaza has seen since 2014. Over 11 days of fighting, armed groups in Gaza fired around 4,300 rockets into Israel, while the Israeli armed forces launched over 1,500 strikes into the Gaza strip. Within Gaza, over 260 people were killed, including 66 children and 41 women. Material damage in the territory was immense. The conflict damaged various core infrastructure assets—including hospitals and health centers; water and sanitation facilities; and transport, energy, and communications networks. According to the Gaza RDNA (see following section, below), carried out in the immediate aftermath of the conflict, Gaza suffered between US$290 and US$380 million of physical damage alongside approximately US$105–190 million in economic losses. Recovery needs have been estimated at US$345–485 million during the first 24 months.

Even prior to the May 2021 conflict, the situation in Gaza was characterized by a protracted humanitarian crisis and unsustainable socioeconomic conditions. The economy in Gaza is constrained by numerous factors, including internal Palestinian political tensions; the lack of an internationally recognized government in Gaza for over a decade; stalled bilateral peace negotiations; severe Israeli restrictions on movement, trade, and access; militant build-up in Gaza; and recurring cycles of Israeli-Palestinian violence. The economy is mostly reliant on consumption-driven growth, 80 percent of which is derived from external transfers and international assistance. Economic stagnation has been compounded by the COVID-19 pandemic: it is estimated that the Palestinian GDP contracted by 11.5 percent in 2020 compared to 2019, with serious negative effects on unemployment, poverty levels, and standards of living.[23] One impact of the recent conflict is a heightened risk of COVID-19 transmission due to damages to health facilities, including the Hala Al Shawa primary health center, the only COVID-19 testing lab in Gaza.

Before the conflict, the World Bank's Urban team had already moved quickly to prepare a new round of AF to MDP-3 in response to COVID-19, seeking to expand the activities already under way, including a cash-for-work program focused on labor-intensive construction and rehabilitation of local infrastructure. This new US$25 million AF (US$15 million from TFGWB and US$10 million from PID MDTF) builds on the tried and tested MDP implementation mechanisms and was approved by the Board in March 2021.

23 World Bank Group, 2021

However, the pace and effectiveness of reconstruction will ultimately depend on political developments. Regional dynamics, the status of the restrictions on movement and access, and the supply and uptake of COVID-19 vaccines are all critical factors. Even prior to the conflict, a return to pre-pandemic GDP-levels was estimated to require more than three years. The most recent cycle of conflict, and the damage and costs incurred by it, have only added to the political and fiscal burdens hindering the development of Gaza.

3.2.1. Gaza Rapid Damage and Needs Assessment

In the immediate aftermath of the conflict, the EU, UN, and World Bank collaborated to produce an RDNA. The RDNA—which assessed the impact of the recent violence on Gaza and its population, economy, social services, and infrastructure—was published on July 6 to inform the PA, EU, UN, World Bank Group, and all other DPs preparing recovery and rehabilitation programs. Conducting an RDNA is a process requiring considerable coordination with the PA and, at the international level, between the World Bank Group and its partners. To complement the RDNA, the UN concurrently undertook more detailed assessments of the damages and impacts. Together, the RDNA and additional UN assessments are being used to inform donor-sponsored strategies for the recovery and reconstruction of Gaza.

For methodology, the RDNA followed the World Bank Group's template for post-disaster needs assessment—the Post-Disaster Needs Assessment (PDNA) framework—subject to some constraints, due to the unique difficulties of working in Gaza. The PDNA framework has been deployed around the world to quickly assess needs in the wake of major disasters. In settings of human conflict, the methodology is amended to try to ensure that no military assets are included in the assessed damages. Under this framework, damage assessment is conducted remotely by triangulating satellite imagery, social media analytics, ground surveys, reports from partner organizations and publicly available information, to estimate damage to physical assets, ensuing economic losses and recovery and reconstruction needs.

- **Damage** is estimated as the replacement value of totally or partially damaged physical assets.
- **Losses** are estimated as the negative change in economic flows arising from the conflict until full recovery is achieved.
- **Recovery and reconstruction needs** are divided into two broad categories: infrastructure reconstruction and service delivery restoration. These are costed in the immediate (0–6 months) and short term (6–24 months).

The RDNA aims to estimate recovery and reconstruction needs based on a Building Back Better (BBB) approach. This approach aims at going beyond a simple goal of rebuilding damages and restoring losses to pre-existing levels, promoting instead the use of improved specifications that increase resilience and reduce vulnerability of affected communities and infrastructure in the future. This can be achieved, for instance, by building more open facilities that do not exclude any social groups; adopting stronger safeguards measures; strengthening the focus on green, resilient, inclusive development (GRID) approach, and implementing targeted policy reforms. The goal of this approach is to rebuild the economy and people's ability to absorb shocks, adapt to developmental challenges and recurring crises, and improve their living standards and lives.

In the sectors covered by the PID MDTF, overall damages among all sectors are estimated between US$45 and US$60 million, and economic losses between US$5 and US$20 million, based on the findings of the RDNA (see Table 9). Recovery and reconstruction needs, in turn,

are estimated at a total of US$65–95 million—US$25–40 million in the immediate term (0–6 months) plus US$40–55 million in the short term (6–24 months), as noted in Table 10.

Table 9: Damages and Losses, and Recovery and Reconstruction Needs in PID Sectors (US$, millions)

	Damage		Losses		Needs (0–24 months)	
PID MDTF sectors	**Low**	**High**	**Low**	**High**	**Low**	**High**
Water	10	15	—	5	15	25
Urban and land	25	30	—	5	30	40
Energy	10	15	5	10	20	30
Total	**45**	**60**	**5**	**20**	**65**	**95**

Note: The dash (—) in the table signifies a negligible amount less than US$2.5 million. The numbers above are rounded to the nearest multiples of 5 million.

Table 10: Recovery and Reconstruction Needs in the Immediate and Short Term in PID Sectors (US$, millions)

	Immediate (0–6 months)		Short Term (6–24 months)		Total Needs (0–24 months)	
PID MDTF sectors	**Low**	**High**	**Low**	**High**	**Low**	**High**
Water	5	10	10	15	15	25
Urban and land	15	20	15	20	30	40
Energy	5	10	15	20	20	30
Total	**25**	**40**	**40**	**55**	**65**	**95**

3.2.2. RDNA – Water Sector

Damages: US$10–15 million

Losses: US$3–5 million

Physical damages to water sector infrastructure in the Gaza Strip were caused mainly among WSS pipelines, pumping stations, main water wells, and reservoirs. Based on the initial analysis of the RDNA, total physical damage costs are estimated at US$10–15 million. In addition, because of power line cuts and impeded access to the sites, both wastewater treatment and desalination plants interrupted their operation or severely reduced their productivity.

Delivery of water and wastewater services was also significantly affected. Damages to water infrastructure and stoppage of the operational supply of water from several underground wells and short-term low-volume desalination plants resulted in a severe shortage of domestic water supply, with an estimated reduction of 40 percent in water production across Gaza. Moreover, over 1,500 water connections were damaged, directly affecting service provision to those households. Wells that were operating faced water quality issues, as vibration from the strikes led to water and sand being mixed during pumping. Damages to both water and sewer networks caused by direct airstrikes and shelling to roads exposed water networks to contamination from spilled sewage, resulting in a need to increase chlorine use to disinfect water. In addition, non-revenue water (NRW) is expected to increase by 5 percent due to an increase in physical losses in the network. The disruption of power supply due to damages to power plants and lines led to an increased dependency on diesel fuel to operate stand-by generators, resulting in increased operational costs for SPs. Fluctuations in power supply also caused damages to control panels of water sector facilities and to various IT equipment, disrupting normal operation. Finally, disruption of the operation of the WWTPs during the period of the war—because of damages to some of the wastewater transmission pipelines and pumping stations—resulted in some 430,000 CM of untreated wastewater infiltrating the underlying coastal aquifer and another 71,000 CM being discharged to the sea.

Service delivery provided by the unregulated private water tankers has also been affected. Ninety-seven percent of the drinking water consumed in Gaza is supplied, mainly via tankers, by small-scale private vendors or NGOs who are not systematically regulated, in terms of abstraction, quality, and cost of their water. The attacks caused damages to some cartridge filters, membranes and pumps that are the main components of the private vendors' abstraction ability. Lack of power supply also greatly reduced their production capacity. When operations resumed, there was a lack of access to consumables and spare parts (such as cartridge filters) necessary for their operation. There was also a significant delay in supplying drinking water to citizens as the demand for this water increased by 20-40 percent following the citizens' inability to access domestic public municipal water. Consequently, some of the vendors who suffered damages during the war are at risk of ceasing to operate and/or ending up with a reduction in the quality of water supplied. Although a better understanding of how water is distributed by private water tankers is necessary, it is important for water institutions to begin as soon as possible the dialogue necessary for regulating and improving the resilience of private water vendors, recognizing them as the main providers of potable water in Gaza. In addition, increasing the number of trucks to be deployed in response to emergencies, as well as increasing the storage capacity by end-users, particularly the poorest and most vulnerable as well as health, education, and shelter facilities, may be essential.

Recovery and Reconstruction Needs: US$15–25 million

Specific recovery and reconstruction needs in water and sanitation include (a) reconstruction and rehabilitation of damaged water and sanitation infrastructure; (b) restoration of delivery services, including provision of required maintenance materials and restocking of emergency equipment and materials that were utilized during the war; and (c) associated capacity building. Some funding has already been secured and a good part of the most urgent needs were addressed by SPs immediately after the ceasefire to prevent a humanitarian catastrophe; however, these repairs were temporary and will require further intervention.

Infrastructure reconstruction includes restoring and maintaining the operation of damaged water and sanitation infrastructure through a two-phase (immediate and short term) approach. As a result of a prioritization exercise undertaken with sector stakeholders, in the immediate term, infrastructure intervention covers the reconstruction and rehabilitation of (a) three sewage pumping stations in Gaza City, Deir al Balah, and Beit Hanoun; (b) priority sewerage pipelines in 30 locations in North Gaza and Gaza City; (c) priority water pipelines in 21 locations across Gaza; (d) four pipes across Gaza, (e) two water reservoirs in Gaza City and Rafah City; and (f) 10 damaged water wells across Gaza. SPs reported that the latter were not repaired as per the date of this report, and thus require immediate interventions. The rest of the damaged infrastructure will be addressed in the short term. All cost estimates listed for infrastructure reconstruction include a 20 percent increase to cover estimated costs of BBB initiatives. A more detailed assessment is still needed to assess less visible damages to the water supply distribution and sewerage networks. Finally, it should be noted that the needs of private vendors supplying potable water were also not included in the RDNA assessment.

Building Back Better

As Palestinians rebuild from the recent conflict, they have the opportunity to build back better (BBB) so that water sector systems are able to function better and bounce back from the next stress or shock. The core of the BBB approach rests on strengthening the resiliency of water service provision in Gaza. It is aimed not only at restoring the capacity of the systems that existed before the bombing—which were mostly precarious—but also at creating a capacity among SPs and the CMWU to become stronger, with a level of preparedness to respond quickly to similar events in the future. And yet, the fragmentation of network systems (water distribution and sewerage) among 25 SPs, operating in small and dense urban area, is a well-known obstacle to building resiliency as it limits potential economies of scale from the pooling and sharing of staff, equipment, and resources. Key ingredients of the BBB approach will therefore include the following:

- Integrating the principles of resiliency into repair and rebuilding efforts, where robust, adaptive, redundant, and multifunctional systems are desired
- Enhancing use of technology for improved performance and monitoring of the water systems
- Integrating decentralized, renewable energy solutions to enhance resilience of the energy-dependent treatment and water delivery systems
- Advancing institutional reform measures to enhance sustainability of all water sector actions to improve service delivery and protect water assets.

Going forward, the dialogue may specifically explore addressing some of the existing challenges in the WSS systems through the rebuilding efforts, such as the following:

- In repairing the water distribution network, explore options to support reduction of NRW

by, for example, including monitoring equipment on pressure and flow as the new pipes are installed, laying the groundwork for future NRW support or measures aimed at directly reducing pipe bursts and other losses.

- Evaluate opportunities to reuse stormwater system for productive use when rebuilding damaged stormwater collection and treatment systems. Capture and treatment of stormwater could be a major adaptation tool as stormwater increases due to more intense and frequent rainfall and flooding events caused by climate change.
- Examine waste streams, when damaged, that feed sewerage systems, to better understand the contribution of industrial versus municipal systems and, where relevant, augment sewerage design with decentralized holding/sedimentation treatment before the waste enters the sewerage system.

Restoring WSS service delivery entails restoring the operational capacity of the CMWU, including providing it with the required maintenance materials and tools for the restoration work, and supporting it in the investigation of water/wastewater leaks and testing for water contamination. This also includes financial support to cover its increased operational costs resulting directly from the war as well as the purchase of critical materials, including fuel, used by the CMWU immediately after the ceasefire and urgently needed now in case of any future emergency.

Capacity building will also be needed for WSS SPs, to improve planning, communication, CE, and financial sustainability, including training on leak detection and emergency response. It is also expected that the repair and replacement works would be based on an analysis of the size, capacity, and functionality of the current systems and equipment to avoid simply restoring any sub-standard (pre-bombing) assets.

Implementation Arrangements

The recovery strategy will comprise the following key elements: (a) provision of immediate relief through repairs, rehabilitation, and replacement of partially and completely damaged WSS; (b) building back better by ensuring that most appropriate and adaptive technology options are used and that assets are built to current standards; (c) a mix of hardware and software interventions to address the WSS challenges; and (d) institutional and systems development support for service sustainability.

This recovery strategy will entail a joint effort between the CMWU and municipalities—especially for replacing water and sewage pipes tied to road reconstruction efforts—in coordination with the PWA. The main source of funds to implement the recovery strategy will be provided by international donor partners operating in the WB&G.

Recommendations and Limitations

Limitations. Cost estimates for damages and needs include supply and installation costs as reported by the technical staff of the various water agencies in Gaza, confirmed by experts of UN agencies in the WB&G, and verified by the World Bank's team. Some damages to WSS infrastructure might have been omitted, while some damages that have already been repaired might still be included in the calculations. By nature of the rapid assessment approach, invisible damages to networks were not captured.

Recommendations. Reforms in the WSS sector need to take place concurrently with the

reconstruction and rehabilitation of hard infrastructure. As DPs are currently supporting the WSS sector, continuous coordination of implementing activities (ongoing development projects as well as humanitarian support linked to reconstruction) becomes even more important to ensure complementarity of these activities. In this context, the already established role of CMWU, as the entity responsible for WSS services under the 2014 Law, needs to be strengthened.

3.2.3. RDNA – Urban and Land Sectors

Damages: US$25–30 million

Losses: US$2–5 million

Total costs of damages to municipal infrastructure and assets in the 25 municipalities in Gaza Strip are estimated at US$25–30 million. The most affected municipalities are Gaza City (which has been disproportionately affected), followed by Beit Lahyia, and then Khan Younis. These are densely populated cities. Some of the severely damaged neighborhoods are also where the most vulnerable and poor live. Almost 47 percent of total damaged infrastructure and assets were observed in municipal roads, sidewalks, and street furniture. Public spaces and facilities (15%), which were already deficient in Gaza, suffered further damages, including many local parks, playgrounds, and public buildings. Street lighting took a severe blow, 69 percent of which are for Gaza City alone.

It should be noted that the total damage assessment estimate for municipal infrastructure includes US$5 million[24] **for damages to municipal water and wastewater networks** directly linked to municipal road networks. As noted in the previous Section 3.2.2, by agreement with the PA, this subcategory of the WSS reconstruction effort will be undertaken by municipal governments, with funding from the MDLF, in coordination with the CMWU and PWA.

Solid waste collection was affected by the destruction of key road infrastructure, hindering routes and increasing collection time, fuel needs, and related costs. A low level of waste collection services continued throughout the 11 days. Although landfills were opened, reaching the landfills near the border was not easy. As a result, the municipalities created temporary dumpsites in different locations. The total waste dumped in the random dumpsites was about 11,000 ton during the 11 days. Moreover, mixing of different solid waste streams (municipal, medical, and other hazardous waste) presents a risk. Additionally, a high number of solid waste containers were damaged resulting in informal dump areas and the accumulation of solid waste in the remaining dumpsters.

Quantifiable economic losses to the municipalities, in turn, are estimated at US$2-5 million. The most direct source of losses is from the emergency expenditures incurred by municipalities in the removal of rubble. With widespread destruction, municipalities had to immediately deploy teams for rubble removal to eliminate obstructions for mobility. In broader terms, significant economic losses have been incurred by municipalities due to revenue losses arising from the conflict.[25] Municipalities were already suffering from dwindling revenues as a result of the

24 Estimates provided by MDLF.

25 Revenue loss is calculated simply as a difference of municipal revenues between April 2021 and May 2021. This does not factor any other consideration for declining revenues. However, when compared to April 2020 and May 2020 data, it is safe to assume that the primary reason for decline in revenue in May 2021 is due to a decline in revenue collection as a result of the war.

economic impacts of the pandemic. The recent escalation, however, worsened the situation, resulting in a total decline in revenues estimated at US$2–5 million. Already facing revenue cutbacks from the pandemic, the municipalities have thus been forced to divert their already reduced budgets toward emergency repairs and rehabilitation needs, severely straining their capacity to address normal service delivery responsibilities.

Recovery and Reconstruction Needs: US$30–40 million

Total recovery needs in the immediate and short term for the urban sector are estimated at US$30–40 million. These include US$27–35 million for infrastructure rehabilitation and construction and US$3–5 million for service delivery restoration of municipal services in Gaza Strip. Immediate-term (0–6 months) recovery needs are estimated to be US$15–20 million and include recovery of destroyed and damaged streetlights, vehicles, and containers as well as partially damaged roads, aimed at ensuring safety and restoring lives of citizens. Short-term recovery needs, in turn, are estimated at US$15–20 million and include recovery of completely destroyed roads and other infrastructure, including public buildings and spaces.

A number of important challenges to the urban reconstruction and recovery efforts are anticipated, including the following:

- *A general lack of fuel within Gaza*, which the municipalities require to operate generators, key equipment, response vehicles, and service centers. Due to the scarcity, municipalities have to prioritize which service provision is the most urgent and scale back on other services. For example, sewage pumping stations need to operate continuously to avoid health and environmental hazards in urban areas, limiting the amount of fuel available for solid waste collection vehicles.
- *Gaza blockade and dual-use restrictions.* Due to the highly restrictive ongoing blockade and dual-use list, there is a lack of material, equipment, spare parts, and specialized vehicles required for the provision and maintenance of basic services within the Gaza Strip. The coordination for entry with the GoI is unreliable, lengthy, cumbersome, and most often requires endorsement and support from international DPs. Current indications are that entry of even coordinated materials is not proceeding. As such municipalities rely on slower and more cumbersome approaches and insufficient equipment to sustain even a basic level of services. Reconstruction is proceeding at a slower-than-required pace, delaying recovery.
- *Public sector and municipalities are operating in an extremely constrained fiscal environment* with little to no income, forced to utilize extreme austerity measures. This affects the ability to restore and provide services, pay staff salaries, and maintain functionality of the municipalities.

Building Back Better

Estimated reconstruction needs include costs associated with building back better. Completely destroyed roads should not only be reconstructed as they were but also be rebuilt with more complete features required for adequate urbanscapes, such as street furniture, sidewalks, and streetlighting. Similarly, the cost estimates for service delivery restoration include basic capacity building in areas, such as planning for better mobility and connectivity while rehabilitating and reconstructing roads. They also include the O&M cost of service delivery. Furthermore, as housing reconstruction will also be pursued (with donor support), planning for neighborhood upgrading programs is required to ensure that highly affected communities are provided with basic integrated services, including community centers, infrastructure offering

improved circulation and access, open spaces, and facilities for disaster preparedness and response. To achieve these improvements, municipalities will need to coordinate with programs in other sectors (for example, housing, social protection, and urban transportation).

Implementation Arrangements

Data collection on damages and losses for the municipal sector was led by the MDLF, in close conjunction with municipalities and JSCs in the Gaza Strip. The data span all services that fall under the institutional mandate of the municipalities.[26] For overlapping sectors including water and sanitation, coordination took place with the corresponding agencies, such as the CMWU.

The following entities will play a key role in the effort:

- *MDLF,* a semi-autonomous institution that supports the LG sector's interventions in the WB&G, will be a key partner in the reconstruction and recovery efforts for the urban sector.
- *Municipalities*: A total of 25 municipal governments are the providers of basic services in the Gaza Strip and will be the main entities responsible for restoring basic services in the affected areas including regarding roads, water and wastewater networks, solid waste collection, and public facilities (parks, community markets, and so on).
- *JSCs* are entities that enable LGUs to jointly provide services, planning, and development functions. The two Gaza JSCs for SWM, in particular, manage secondary collection, disposal and treatment of solid waste, including management of landfills.
- *The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)* provides service and management support—including waste management—to the eight refugee camps in Gaza, in coordination with municipalities and JSCs.

Recommendations and Limitations

A holistic, cross-sectoral, and scalable area-based approach to urban recovery through neighborhood upgrading is needed. The reconstruction and recovery program provides an opportunity to build back better for greener recovery through integrated, socially inclusive, and resilient area-based urban transformation. Urban infrastructure investments need to be holistic, cross-sectoral, and scalable to enable neighborhood level and city-wide upgrading, rather than just reconstruction of damages. In severely damaged and densely populated neighborhoods such as Gaza City, a single sectoral approach would not work. Infrastructure investments will require an integrated approach that revitalizes the neighborhoods and rebuilds the city, with an aim to improve lives and livelihoods for people. Municipal infrastructure such as roads will need to be coordinated with other network infrastructure managed by municipalities, including water, drainage, storm water. While rehabilitating roads, safety through street lighting and improved mobility by connecting people to jobs and opportunities will be equally important. Support would be needed for enhanced planning and integrating residential buildings with community amenities, natural open spaces, and improved accessibility to and within the neighborhoods. Investments in infrastructure should also be paired with jobs generation through interventions such as using LIPW for rehabilitation.

Building back better involves not just the immediate recovery but also longer-term development goals. Developing resilience and disaster recovery plans should be a priority for

26 This includes, as noted earlier, municipal water infrastructure connected with municipal roads networks, since these works will be funded by the MDLF and executed jointly by municipal governments, the CMWU, and the PWA..

the Gaza Strip and in particular the municipalities, who carry the brunt of the recovery efforts. Target sectoral plans will be needed within the recovery plans, such as for SWM, which is a critical municipal service. A careful review of the whole cycle of municipal waste management is needed to ensure sustainable service delivery and safe disposal of solid waste. The JSCs and municipalities should prepare a disaster risk mitigation and resilience plan for SWM in the Gaza Strip to ensure continuity, with scenarios and options for sustaining the services during crisis.

A green and resilient recovery. In addition to integrated investment packages, the sustainability agenda to build back better will be needed to enhance climate resilience of urban spaces while bringing socioeconomic benefits to communities, signaling a shift toward greener economies. While rehabilitating residential buildings and municipal infrastructure, interventions that promote energy efficiency through use of solar panels, water harvesting, and so on, should be considered. Municipal and other public buildings could be rehabilitated with these energy- and water-efficient interventions and serve as demonstration for residential buildings.

Strengthening municipal capacity and performance for efficient recovery and reconstruction. As noted, due to the concentration of damages to the municipal sector, municipalities will play a leading role in the recovery and reconstruction efforts. Given the increasingly severe fiscal and operational stresses faced by municipal governments in the WB&G, it will be critical to support them institutionally and financially throughout the recovery effort. In the immediate term, this translates particularly into support to the recurrent expenditures of municipalities and JSCs, especially fuel and other supplies for clearing debris and sustaining service delivery, while building their fiscal performance in the long run through improved asset and revenue management.

3.2.4. RDNA – Energy Sector

Damages: US$10–15 million

Losses: US$5–10 million

The damages due to total or partial destruction of the power infrastructure are estimated to be approximately US$10–15 million. At the outbreak of the May 2021 conflict, much of the damage to the energy sector from the 2014 conflict remained unaddressed due to funding limitation and other constraints. For example, damages to the Gaza Power Plant (GPP) and the Gaza North substation have remained unresolved since 2014 to date. While the May 2021 conflict lasted for a shorter period, the dispersed nature of the attacks has exacerbated the fragility of the electricity sector's distribution network. Physical damages from the most recent conflict are primarily observed in the distribution network, with extensive damage to power infrastructure around the targeted roads, buildings, and neighborhoods. Much of the power equipment cannot be repaired, apart from cables, and these only to a limited extent. Accordingly, even for partially damaged assets, replacement is the only option in the energy sector.

The total losses incurred to the electricity sector due to loss of both cash sales and consumers' ability to pay are estimated to be approximately US$5–10 million. Delivery of energy services was already strained due to the severe shortages of generating capacity. Before this round of attacks, individual consumers in the Gaza Strip normally received a limited energy supply for around 12–16 hours per day, while critical facilities received power for 18–24 hours, depending on availability. During the 11-day conflict, the available electricity supply capacity in

Gaza went down from 190 MW to 105 MW as supply from the IEC feeder reduced to 60 MW due to outages of five feeders, whereas GPP's output was curtailed to 45 MW due to rationing and constraints on the supply of diesel fuel oil. Combined with damages to MV/LV networks, this caused the energy deficit, which was 40 percent just before the conflict, to increase to 82 percent during and after the end of the conflict. As a result, electricity supply dropped to just four hours per day for most customers, although 24-hour supply was maintained in certain areas of critical infrastructure. Technical staff were faced with an enormous workload in managing the response. Electricity supply from Israel was restored 10 days after the end of the conflict, although the supply of diesel fuel supply remains disrupted.

Recovery and Reconstruction Needs: US$20–30 million

Given the strong links between availability of electricity and most productive sectors of the economy in Gaza, rehabilitation of the energy sector is vital to wider recovery in Gaza. Damages and losses in the energy sector cascade down into other sectors. Disruptions in electricity supply impact water pumping stations, health clinics, and commercial centers, affecting a large portion of the population in terms of damages to environment, reduced output, and low morale. Therefore, even though the electricity sector represents only 3.0 percent of GDP, links of the electricity sector to both productive and non-productive sectors are extensive. Without extensive reconstruction efforts, damages and losses in the energy sector will be multiplied across almost all other sectors of the economy.

Reconstruction in the sector will primarily cover the reconnection of power lines and the rehabilitation of distribution networks. While GEDCO has been able to restore power supply in most areas using temporary connections and other stopgap measures, these will have to be replaced with new equipment to ensure operational quality and sustainability. The electricity company noted that the Supervisory Control and Data Acquisition (SCADA) system, installed as part of the post-2014 reconstruction project, played a central role in helping maintain system resilience during the May 2021 conflict. Following the same approach, all planned recovery activities should be designed with the intention of also strengthening network resilience.

The cost of the reconstruction program, emphasizing the need for enhancing resilience and building back better, is assessed to be approximately US$20–30 million. Several emergency repairs have already been addressed by GEDCO using the previously available stock of spares, leading to a near depletion of these stocks at warehouses. The next phase of urgent repairs and rehabilitation work can only proceed once the required equipment and materials are delivered, emphasizing the need for their early contracting and procurement. The identified priority interventions needed to build a more sustainable energy sector include (a) building of new MV feeders with SCADA control and new transformer substations, (b) rehabilitating and reconstructing of MV networks, and (c) rehabilitating and reconstructing of LV network and consumers' cables and meters. Planning, procurement, and implementation in all these three areas could be carried out in parallel. In addition, studies may have to be launched for developing a more resilient energy infrastructure. There exists strong motivation in PENRA/GEDCO to build a more resilient network in Gaza; the population has suffered for years from the impacts of wars and hostilities and the latest damages to the electricity network can be turned into an opportunity to build better and begin building toward a 24/7 power supply vision for the Gaza Strip.

Recommendations and Limitations

Achieving longer-term sustainability and addressing Gaza's energy crisis require a holistic and comprehensive program. Following the 2014 conflict, the Gaza Electricity Masterplan for 2035 was prepared under the Gaza Electricity Network Rehabilitation Project, which set out a long-term vision for Gaza's energy sector, looking beyond immediate reconstruction needs. All future reconstruction efforts need to be fully aligned with the vision of this masterplan. Addressing Gaza's energy crisis requires a holistic approach and a large-scale program. To facilitate this transition toward a more sustainable future, the vision of 'Gaza 24/7 Power' should be adopted together with a funding platform. This platform can facilitate progress toward securing energy supply through natural gas-based generation at the Gaza Power Plant (GPP), optimizing the supply from Israel and active interconnection with the Egyptian grid, and building complementary relevant power backbone infrastructure, including smart solutions such as smart meters and controls. The chronic and continuous shortfalls of the energy supply, which have been further exacerbated during every relapse into conflict, are affecting economic activity and causing widespread use of diesel-based generators, which are expensive, inefficient, and highly polluting. Crucial long-term steps include switching to natural gas in Gaza to increase local power generation and strengthening the electricity control systems to enable an increased integration of the rooftop solar PV systems to the grid. This would also allow reduction of greenhouse gas (GHG) emissions while securing stable and affordable electricity for the consumers.

4. Cross-cutting Themes

4.1. Gender

This past year has seen exceptional stresses on Palestinian women, who already face existing challenges with structural and normative inequities. Growing studies point to significant, disproportionate impacts of COVID-19 and cycles of violence on women's access to critical services, income opportunities, and agency. Through the support of the PID MDTF, the World Bank has amplified its attention to prioritizing women in keystone operations in the WB&G. Implementation support to PID projects regarding gender has been under way since January 2020, where consultations were held with individual project teams to identify needs and types of resources that could prove useful to the government in their efforts to carry out gender activities. The objective was to lay the foundation for implementing gender activities outlined in Project Appraisal Documents (PADs) wherever needed, based on specific requirements of projects. An international gender consultant was hired to provide overall strategic guidance on Gender Action Plans (GAPs) in projects and help with corporate reporting of results. Additionally, real-time targeted support was provided to PIUs by a local gender consultant on the ground as well as cross-support from World Bank global sector gender leads when needed.

> *"We [women] need work and greater recognition of our abilities. Specialized opportunities should be made more available... the project [under MDP-3 AF] focused on women and prioritized the needs of married women which is important, there was a private and spacious place that met our needs [at work]."*
>
> - Interview with female beneficiary (trained environmental engineer, worked as an environmental adviser under the MDP-3 AF, Component 5), Gaza City - March 2021

During FY21, gender support has been provided to projects on the basis of where each project stood with overall implementation and client demand. While all projects in the portfolio have robust GAPs (Table 11), three projects stand out particularly in terms of their progress in implementing their gender activity targets: MDP-3 AF, RERP, and GSWMP.

Table 11: Independent Assessment of Gender Integration in Active PID Portfolio (FY18–FY21)

S. No.	Operational Projects	Sector	Approval Date	Analysis	Action	Monitoring and Evaluation (M&E)	Gender Tagged
FY21 Approved							
1	AF for COVID-19 Response under MDP-3 (P174781)	Urban	5-Mar-2021	✓	✓	✓	Yes
2	GSWMP AF (P121648)	Urban	28-Aug-2020	✓	✓	✓	Yes

FY20 Approved							
3	WMS Project (P172578)	Water	10-Jun-2020	✓	✓	✓	Yes
4	ASPIRE MPA (P170928)	Energy	27-Apr-2020	✓	✓	✓	Yes
5	AWP-I (P168739)	Water	10-Feb-2020	✓	✓	✓	Yes
6	RERP (P168576)	Urban	22-Jul-2019	✓	✓	✓	Yes
FY19 Approved							
7	MDP-3 AF (P168544)	Urban	10-May-2019	✓	✓	✓	Yes
8	ESPIP AF (P167914)	Energy	15-Jan-2019	✓	✓	✓	Yes

4.1.1. Targeted gender support to MDP-3 AF

"Work has doubled my responsibilities. Every day, I wake up at dawn and work like a bee or rocket to fulfill my children's requests and get them ready to school before going to work."

- Interview with female beneficiary (trained civil engineer, worked as environmental engineer under MDP-3 AF, Component 5), Bait Hanoun - March 2021

The PID MDTF team carried out a systematic review of subproject investment data and job figures across municipalities to analyze the distribution of workers by gender. At the beginning of the fiscal year (July 2020), positions held by women were well below the expected target across all municipalities. In response, through continuous discussions with the MDLF in Ramallah and Gaza, support focused on following up on metrics and nudging participation levels of women. On September 15, 2020, a virtual consultation with MDLF-Gaza and selected partner municipalities took place.[27] The objective of the discussion was to provide an opportunity for partners to share their experiences of recruiting women for planned activities in SWM, water and wastewater, roads, urban planning and technology, street lighting, and other related services. Most municipal representatives stressed that the types of employment opportunities available through labor-intensive works are typically not of interest to women; indeed, one flagged that a priority project had to be canceled due to the project's inability to meet the target set for women's participation.

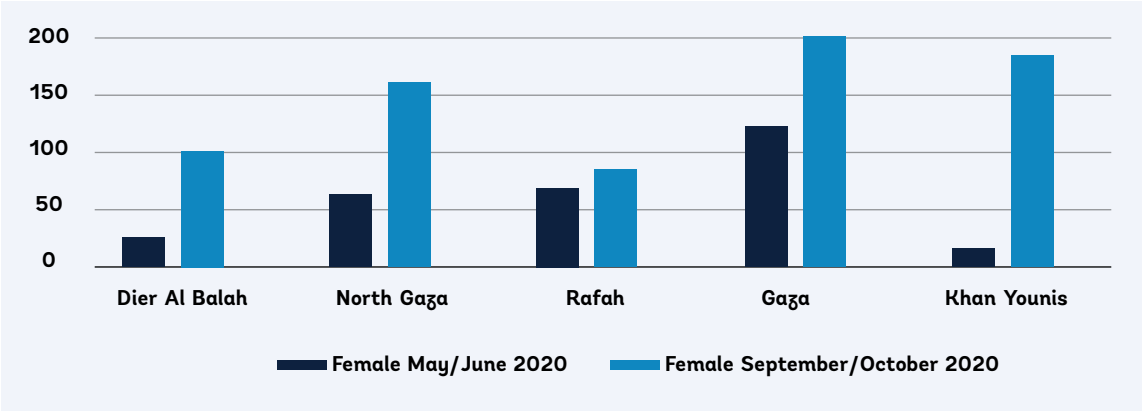
Despite early challenges, considerable progress was made by October 2020 (Figure 6), at which time the number of jobs for women reached over 750 out of nearly 5,300.[28] The discussion made clear that a combination of local solutions by municipalities, MDLF leadership, and continuous nudging contributed to positive results. At the same, it also became clear that there was a need

27 Including Gaza City, Khan Younes, Jabalia, Rafah, Al Nusairat, Bani Suhila, Al Zahra, Al Braij, and Al Naser.

28 Government reported that number of jobs for women reached 780 by end of FY21.

to recalibrate how female employment targets are determined to ensure they do not come at the expense of meeting other priorities and urgent needs.

Figure 6: Improvement in Female Employment Trends by Governorate (May versus October 2020)



To better understand the experience of female beneficiaries working in employment opportunities through the project, MDLF-Gaza organized consultations with skilled female workers who had worked in different activities. In April 2021, 14 key informant interviews with women from Al Zahraa, Bait Hanoun Dier Al Baleh, Gaza City, Khan Younis, and Rafeh were carried out, followed by a virtual focus group discussion, all led by the gender focal point in the MDLF-Gaza Office. The objective was to understand the constraints that women (particularly skilled females) faced in their access to opportunities in infrastructure-related work as well as their experience in the workplace. The discussions were rich and findings insightful, confirming that skilled Gazan women are seeking work in the sector and, more specifically, in the types of works generated through municipal and urban services. Beyond recruitment, greater attention is needed on issues related to norms and agency that affect women seeking work or women once employed—such as privacy protection, childcare, and transportation. Additional lessons learned by the government regarding the overall experience with gender support included the following:

> *"We work in the City Center, and it is a very crowded place. There are young men and it's hard for a woman to work in the field because of "discomforts" (harassment)."*
>
> - Interview with female beneficiary (trained architect, worked in urban planning under MDP-3 AF, Component 5), Bait Hanoun - March 2021

- Female employment in the municipal sector is new; targeted consultations with different stakeholders on policies and procedures to increase female recruitment are still needed. This would require coordination with different actors to review recruitment polices and challenges facing female employment as it pertains to the sector.
- Greater support should be provided to municipalities to develop gender mainstreaming indexes and references for inclusion of women in the municipal sector, including female employment.
- Strategic Development and Investment Plans (SDIPs) should consider women's needs and priorities early on and should develop checklist tools to assess women's needs in subproject design and planning.
- Greater recognition that recruitment policies should consider women's employment needs

and incentivize their participation by including measures that eliminate all forms of discrimination against women. This includes challenging traditional norms and stigma on women employment in the field and in non-fieldwork as well as developing a safety checklist to address safety, privacy, protection, and facilities for childcare.

- The need to build capacity in gender mainstreaming of MDLF staff—especially from engineering and municipalities units—could be helpful for future activities.

> *"There were problems we faced [at work]. The office is open, and our supervisor's office is in front of ours, there was no privacy, our office is near the bathroom…it is a small space. There is no toilet or bathroom facilities specifically for women. Cleaners were all male which is embarrassing…why can't they be women and men?"*
>
> - Interview with female beneficiary (trained civil engineer, worked as surveyor under MDP-3 AF, Component 5), Khan Younis - March 2021

Drawing from the experience of the AF for COVID-19 Response under MDP-3, which was prepared with the benefit of the gender support initiative, a dual-front approach seems particularly effective in deepening support for gender equality. The first front is to continue to encourage recruitment of women in the sector; the second is to create financial incentive to encourage municipalities to focus on subprojects that bring specific benefits to women (such as health and education buildings). The key interventions of AF for COVID-19 Response under MDP-3 also incorporated women's needs and priorities in the design of subprojects—for example, day care centers that are located in areas deemed accessible by women. Incentivizing municipalities to focus this way on subproject activities that respond to women's needs—for example, prioritizing the rehabilitation of childcare facilities—helps close the widening vulnerabilities exacerbated by the pandemic. The project will also explore, for the first time in the World Bank's Middle East and North Africa (MENA) regional program, the possibility of carrying out a women's safety audit to ensure that subproject designs take concerns regarding safety into consideration. A women's safety audit is a dynamic process. It "involves walking through a physical environment and completing a checklist to methodically evaluate safety from a woman's perspective."[29]

Moving forward, the MDP-3 team is discussing analytical products to disseminate results and effectively implement gender actions under the COVID-19 response. A PPT presentation endorsed by the MDLF is available for wider dissemination.

> *"Allocating projects for women is a good idea. In most institutions, we see opportunities available for youth, and men. We also find that in municipalities, there is field work and administrative work; in both, there is a greater presence of young men and opportunities for women are very few. This reflects societal norms when it comes to employment of women."*
>
> - Interview with female beneficiary (trained architect, worked as health and environmental adviser under MDP-3 AF, Component 5), El Zahra - March 2021

29 World Bank. 2020. "Learning from Jordan - Gender and Social Inclusion Assessment: Municipal Services and Social Resilience Project."

4.1.2. Targeted gender support to RERP

In addition to strategic guidance from the PID MDTF international consultant (focusing on the WB&G and MENA region), RERP received cross-support from a senior sector expert who could bring in global guidance and share good practices on women and land rights. Support covered procurement of firms applying for the development of the GAP with a quality review of the final detailed proposal by the winning firm. This was followed by continuous guidance on the development of the inception report and literature review, with feedback that focused on strengthening the legal and institutional analysis around women's access to land ownership and registration rights and methodology of sex-disaggregated data collection. Constructive feedback and input on the training plan was also provided to ensure planning and implementation is done through a gender lens—both in terms of capacity needs of female versus male employees as well as gender-related issues identified through data collection under the GAP.

As noted in the six-month review, a Land Administration and Gender Capacity Building Webinar Series was launched in October 2021 with the objective of increasing understanding of gender issues in the housing and land sectors. A total of 15 participants from the PLA and LWSC participated in the first webinar, which included the following:

- A presentation on gender status in the PLA and LWSC, given by the gender focal points of the PLA and LWSC. The presentation provided detailed information on the M&E of registered landowners by gender as well as information on the distribution of female employees in their respective government agencies. Additionally, the presenters shared the results of activities, which included the participation of female employees in the LWSC and PLA. The activities covered raising awareness and capacity-building trainings to strengthen their engagement and outreach with communities when it comes to women's land rights and ownership.
- A presentation on Introduction to Women's Land Rights, with examples from the international context and policy pathways, presented by the World Bank's Senior Social Development Specialist/Gender and Land Specialist in the Urban, Disaster Risk Management, Resilience and Land Global Practice.

GAP Focus Group Discussion - Ebween Village

4.1.3. Gender activities under GSWMP AF

As highlighted in Table 11, GSWMP is gender-tagged and includes a fully articulated gender theory of change with targeted activities for women, focused on increasing women's participation and involvement in the sector and raising awareness about sanitary and safe SWM and disposal management. Key indicators monitored under this project include the following:

> *"Many women do not have the time to join [committees] because they were too busy taking care of other family members, that they saw no need …. Some of the positive benefits [of being part of a committee] included increased understanding and a sense that [women] were empowered to have an impact in the solid waste management and hygiene within their communities through changing their own behavior."*
>
> - Female participants in focus group discussions (Beneficiary Impact Assessment Draft 2021)

- Bridging of the SWM service satisfaction gap between male- and female-headed households
- Targeted communications programs for women through different outreach programs targeting schools, households, NGOs, and academia
- Increased level of awareness and learning for women with regard to SWM
- Increased participation and role of women in decision-making.

Discussions with the task team revealed that female representation in leadership, one of the key objectives of the project's GAP, has in fact materialized over the course of FY21, supported by sex-disaggregated data collection on the perceptions and engagement of women and men in the sector. Specifically, in November 2020, the JSC established a Women's Group comprising a total of 70 female employees/influential women from seven municipalities (10 each): Khan Younis, Rafah, Deir Al Balah, Al-Nusierat, Abasan Al Kabeera, Bani Suhaila, and Al-Fukhary. The objective of the Women's Group is to promote knowledge sharing and women in decision-making; it is meant as a forum where women can actively engage in awareness raising plans and discussions to strengthen complaint systems and enhance the participation of women in service areas.

> *"Previously, I used to take out the solid waste at any time convenient for me. I noticed that rodents and cats scattered the solid waste. I blamed the municipality and the cleaners. After I participated in the awareness workshops, I became aware of the waste collection time and started taking out the waste according to cleaning worker appointment and work schedule."*
>
> - Female resident, Khan Younis (Beneficiary Impact Assessment Draft 2021)

Additionally, in January 2021, a baseline survey was carried out to assess the understanding of communities in service areas about SWM and collection practices. The data were collected and reported on in a sex-disaggregated way. Results show that there are gender gaps in satisfaction and awareness levels about service delivery (schedules, who to contact for feedback, and so on). Specifically, data showed that women were less satisfied with services and more likely to be unaware of how to submit a complaint or feedback. For example, 66 percent of men are aware of feedback mechanisms versus only 42 percent of women (Beneficiary Impact Assessment Draft 2021). A follow-up survey was carried out in FY22, with results showing an uptick in women's knowledge and satisfaction levels thanks to greater engagement via the Women's Group and targeted awareness raising activities.

4.1.4. Gaps and Opportunities to Link to Regional and Global Programs

Implementation support on gender to government counterparts in ASPIRE and AWP-I lagged in FY21; however, discussions are scheduled to resume in FY22. Additionally, country operations are already linking and exploring opportunities to connect with regional and global initiatives at the World Bank. For example, the ASPIRE team continues to collaborate with the Middle East and North Africa Gender and Energy Program at the World Bank, which has showcased the experience of ASPIRE in its regional report on Gender in Energy Interventions and is working with a Palestinian woman-led energy firm to provide anecdotal evidence around boosting women's employment in the sector and recommends country-specific opportunities in the WB&G. AWP-I will also seek to benefit from the World Bank's Equal to Aqua: Inclusive Water Institutions Platform[30] aimed at deepening dialogue on gender diversity in the water sector through partnership building and government support in improved and gender-sensitive human resources practices. Such interlinks will not only tap into local and global expertise but also widen the knowledge base of PID MDTF stakeholders on how promoting gender equality in their institutions can advance shared infrastructure and sustainable development objectives.

4.2. Citizen Engagement

The World Bank defines citizen engagement (CE) as the two-way interaction between citizens and governments, within the scope of the World Bank Group interventions, that gives citizens a stake in decision-making with the objective of improving development outcomes. A significant body of research links CE with improved development outcomes. The World Bank is acting on this evidence through the 2014 Strategic Framework for Mainstreaming Citizen Engagement. The strategic framework provides a coherent approach to incorporating CE across World Bank operations, replacing the more ad hoc participatory arrangements that the World Bank had previously explored. Under the framework, the World Bank Group committed to integrate beneficiary feedback, by 2018, into 100 percent of projects where beneficiaries can be clearly identified.

CE is particularly important within the context of the Arab World. Since January 2011, citizens in the MENA region have asserted their rights for a more inclusive state—a state willing to broker a new social contract that better reflects the aspirations of ordinary citizens who seek equitable progress. The ongoing upwards pressure is challenging governments', and also DPs', usual approaches to development and consultation as people across the region call for a more inclusive process. Although CE is yet to be broadly integrated into development projects, the World Bank is piloting initiatives that support governments in mainstreaming CE, both in the context of World Bank-funded projects and at the country level. As we move forward on this important agenda, a few principles need to be kept in mind, including (a) focusing on institutions that 'close the feedback loop' that should remain at the core of the CE process and (b) setting up a rigorous impact evaluation framework to allow decision-makers—and DPs—to learn from pilot initiatives. Focusing on 'how' as much as on 'what' is important for success.

30 https://www.worldbank.org/en/topic/water/brief/inclusive-water-institutions-platform#:~:text=The%20Equal%20Aqua%20(EA)%20is,benchmarking%20gender%20inclusion%20in%20water.

The PID MDTF team has supported the PA in strengthening CE, but the situation in Gaza is especially complex. The PID MDTF team has continued to improve CE while supporting public institutions to be more financially disciplined, accountable, and transparent. Grievance redress, complaints, and feedback mechanisms are supported across sectors through a coordinated effort to scale up CE based on the successful experience in selected sectors, such as social protection and municipal development. In this vein, the PID MDTF's co-financed projects have provided citizens with a stake in decision-making to improve development outcomes in the WB&G. The World Bank's country opinion surveys indicate that these efforts are leading to a slow improvement in the public perception of how the World Bank engages with citizens; however, the political situation in Gaza is especially challenging due to the formation of a parallel political structure in the territory.

4.2.1. Water Sector

Throughout its four-year construction period, AWP-I will lay the groundwork for increased CE in water management. By its very nature, as a large infrastructure project, AWP-I will require considerable public participation and engagement. However, the four years of construction will also be used to trial a number of outreach strategies, which will be vital to the long-term success of the project. These trials will target a lack of trust in the water system and a pervasive culture of nonpayment. Specific initiatives include the following:

(a) Pilots in the West Bank to allow municipalities, water SPs, and citizens to gain experience with CE approaches, including e-platforms for water quality monitoring, participatory water quality monitoring, and an expanded role for the Water Youth Council.
(b) Activities in Gaza to improve overall awareness and citizen involvement, with an emphasis on shifting consumer understanding of the impact that the project may have on consumer water quality and ensuring that there is strong consumer engagement and support for the project and associated institutional reforms.

A Stakeholder Engagement Plan (SEP) has been prepared for the WMS Project which will include communities around the project area. Communities in danger of adverse environmental and social impacts, due to the current shutdown of the NGWMF, were consulted as part of the overall project as well as during SEP preparation. Concerns, aspirations, and suggestions from these communities have been documented in the SEP and the Environmental and Social Management Plan (ESMP). Mitigation measures to ensure the safety of children have been included in Component 2, including the draining and fencing of unplanned lakes adjacent to these communities. Moreover, Component 3 (Capacity Building for Sustainability of Wastewater Services) will support CE activities specifically targeted at improving the 'willingness to pay' of customers through direct engagement with the municipalities, the CMWU, the PWA, and citizens. CE results will be measured by the intermediate indicators 'Number of beneficiary workshops conducted to raise awareness of the NGWMF operations' and 'Annual satisfaction surveys published and discussed in participatory manner'.

4.2.2. Urban and Land Sectors

With the assistance of LGs, GSWMP has successfully implemented a wide-ranging CE plan. The JSC-KRM has demonstrated high commitment to the application of CE requirements, manifested in (a) hiring qualified and high-performing staff, (b) ensuring that systems are in

place to manage grievances responsively and diligently, (c) closely monitoring and supervising construction-related activities, and (d) introducing good practices to deal with labor-related issues. A comprehensive CE and awareness raising program has also been implemented. This program contributed to the enhancement of public acceptance to the project and raised awareness of the functions of different components and the commitments of operators to comply with the ESMP. Under the AF, it is expected that the established systems to manage grievances at the JSC-KRM will be utilized in the delivery of the various activities. The support will be extended to the municipalities to ensure that accountable systems are in place to respond to citizens' feedback and expectations and build broader awareness.

CE is integral to the land registration process at the heart of RERP. The project will continue socially inclusive CE tools, including (a) LGU communication platforms, (b) public displays, (c) community meetings, (d) conflict resolution, and (e) an active grievance redress mechanism (GRM). The project will include a project-specific GRM and will support the development of public awareness campaigns to further inform people and communities in the project areas of the SLR process and options available to them to voice their concerns. The project will also finance customer surveys to monitor customer satisfaction with registration services and with the public outreach of the process. The survey results will influence further capacity-building efforts at the PLA and LWSC, and relevant customer suggestions or complaints will inform further improvements of registration services.

One of the central aims of LGSIP is to develop a more participatory model of local government. LGSIP, with its focus on service delivery at the local level, is closely tied to the theme of citizen engagement. The plan includes specific programs for strengthening CE through participative planning, access to information, citizen feedback via participatory M&E and independent citizen satisfaction surveys, and the establishment of program-level GRMs.

4.2.3. Energy Sector

ASPIRE MPA will solicit citizens views at each stage of the project. To ensure implementation of a CE mechanism with a feedback loop, PENRA will conduct a baseline beneficiary survey, followed by periodic tracer surveys and an end survey, within the duration of ASPIRE MPA, to seek feedback on benefits and services provided by the program. A CE strategy will be developed to maintain continuous engagement and communication with beneficiaries and citizens, for building trust and a social contract. In addition, when implementing the activities of the MPA phases, ongoing citizens' feedback will be considered and PENRA will publish the results of the beneficiary surveys on its website, as a key results indicator for CE.

The CE feedback loop is active in the case of ESPIP. Site visits by solar PV engineers, a telephone tip line, and active outreach were used to systematically gather beneficiary views on the solar PV component of ESPIP. Beneficiaries raised a number of issues with the price and availability of the solution offered by the program, which have been passed on to PENRA in Ramallah to improve the component in the future.

4.3. Climate and Resilience

The World Bank Group's New Climate Change Action Plan has expanded the World Bank's climate agenda from investing in 'green' projects to helping clients fully integrate their climate and development goals. Under the new plan, all projects will continue to be assessed for climate co-benefits (the share of financial commitment that contributes to climate change mitigation and/or adaptation). However, the targeted share of climate co-benefits will now rise from 28 percent to 35 percent, with at least 50 percent of climate co-benefits aimed at adaptation rather than mitigation—reflecting the already low-carbon emitting nature of lower-income economies.

In line with these more ambitious objectives, the PID MDTF program is taking sustained action across its portfolio and pipeline to increase the portion of financing that qualifies as climate co-benefits. This portion has risen from less than 10 percent in FY19 to more than 50 percent in FY20, well exceeding the minimum envisaged in the new climate action plan. In many individual projects, the share of co-benefits is much higher. For example, RERP, the first investment project financing approved during FY20, has co-benefits of nearly 70 percent; the water sector's flagship AWP-I has climate co-benefits of 96 percent on a US$117 million project; and the energy sector's flagship ASPIRE MPA has about 70 percent in climate co-benefits in the first US$63 million phase (see Table 12).

Country-level efforts are ongoing, with a focus on developing the monitoring infrastructure needed to underpin climate policy. In collaboration with other DPs—including SIDA, Islamic Development Bank (IsDB), and the Jordanian government—the World Bank is helping develop a monitoring, reporting, and verification (MRV) system to track emissions in the WB&G. This will be essential to help the PA understand GHG sources and trends, design mitigation strategies, enhance credibility, and update its NDC to the Paris Climate Accord.

Table 12: Climate Co-Benefits in Active Project Portfolio (US$, millions)[31]

Operational Projects	Sector	Total Commitment	Total Climate Co-Benefits	PID MDTF Commitment	PID MDTF Climate Co-Benefits	Total as Percentage
FY20 Approved						
AWP-I (P168739)	Water	57.0	54.7	42.0	40.3	**96.0**
WMS Project (P172578)	Water	13.0	13.0	3.7	3.7	**100.0**
RERP (P168576)	Urban	12.6	8.7	3.0	2.1	**68.6**

31 The World Bank's Operations Monitoring and Analysis team assesses climate co-benefits systematically for all new projects approved by the Board. Please note that the climate co-benefits were not assigned to GSWMP AF (P171328) and AF for COVID-19 Response under the MDP-3 (P174781)—both of which were approved in FY21—based on the information provided mainly in components and high-level objectives.

Operational Projects	Sector	Total Commitment	Total Climate Co-Benefits	PID MDTF Commitment	PID MDTF Climate Co-Benefits	Total as Percentage
ASPIRE MPA (P170928)	Energy	63.0	43.3	49.0	33.7	**68.7**
FY19 Approved						
ESPIP AF (P167914)	Energy	12.0	3.6	7.0	2.1	**29.8**
FY18 Approved						
ESPIP (P148600)	Energy	11.0	7.3	7.0	4.7	**66.7**
Total		**168.6**	**130.6**	**111.7**	**86.6**	**77.5**

4.3.1. Water Sector

AWP-I is at the heart of PID MDTF's climate change adaptation efforts. The availability of water is a key climate-related risk in the WB&G. The World Bank classifies the WB&G as being at 'high' risk of climate change, meaning that the area will experience more warming than the global average. Climate models for the Eastern Mediterranean region indicate mean temperature increases between 3°C and 5°C by mid-century and mean annual rainfall reductions of 10–50 percent. This worsening climatic picture is interacting with an existing downward trend in water quality and availability. Today, just 1 percent of the population has access to piped drinking water—down from near universal access 20 years ago. This deterioration is primarily a result of the political situation, which inhibits infrastructure development and cross-border stewardship of natural resources. This combination of factors puts Gaza, in particular, at risk of ecological catastrophe. In this context, support for climate change adaptation is a critical development priority in the water sector. AWP-I will increase the capacity and resilience of Gaza's water infrastructure, helping secure access to clean and safe water even as the local risk of drought and desertification increases. The project will achieve this by diversifying Gaza's water supply through the construction of desalination plants. The resulting supply of WHO standard potable water will be sufficient for 870,000 people.

The WMS Project will contribute to adaptation. Where AWP-I is focused on building wholly new infrastructure, the WMS Project concentrates on O&M of existing water infrastructure—in this case the NGWMF. Through preventing the collapse of wastewater management in North Gaza, and the rehabilitation of damaged infrastructure, the WMS Project will help preserve the coastal aquifer, which is threatened by the infiltration of untreated sewage. Infiltration ponds will even help replenish the aquifer with good quality water, while treated water may be directed to the agricultural sector, reducing the burden on groundwater supplies. This will help preserve the vital aquifer as rainfall becomes scarcer and more unpredictable. The project helps Gaza become more resilient to flash floods, another risk generated by more unpredictable rainfall.

The role of the water sector in mitigation efforts is complex. Although the use of renewable energy and the expansion of gravity-fed systems will reduce emissions from the desalination plants central to AWP-I, the project will still be net emissive, producing 10,951 $tCO_{2\text{-eq}}$ over the economic lifetime of the project, with an annual average of 547 $tCO_{2\text{-eq}}$ per year. The WMS Project, on the other hand, will clearly reduce emissions through rehabilitation of the NGWMF's biogas generator, reducing by 38 percent the NGWMF's dependency on external sources of power (mostly diesel). When coupled with the solar PV cells currently being installed by the PWA, the project holds the potential to make the NGWMF self-sufficient in energy.

4.3.2. Urban and Land Sectors

RERP will aid both adaptation and mitigation efforts. The Intergovernmental Panel on Climate Change (IPCC) has named security of land tenure as one of the key factors in mitigating and adapting to climate change. Landowners with insecure property rights are less likely to invest in adaptation measures and more likely to engage in emissive practices such as deforestation. By strengthening property rights through systematic registration of land ownership (Component 1 of RERP), the project will encourage landowners to invest in climate adaptation measures, such as reducing flash flood risk and discouraging emissive practices such as tree felling and the use of land for unplanned residential development. Component 2, the digitization and ordering of land data, will help build national geographic information system (GIS) datasets essential for strategic climate adaptation planning—for example, the assessment of drought and flood risk.

GSWMP also has an adaptation role. Through the rehabilitation of existing landfills and the closing of informal dumpsites, GSWMP will greatly reduce the vulnerability of Gaza's SWM infrastructure to severe weather events such as flash flooding. Improved management of solid waste will also help reduce groundwater contamination, preserving water resources as the above-mentioned climate-related water stress grows more intense. A contingency plan that helps mitigate climate change impact is currently under development and will be included in the future as part of the operational plan for the project.

4.3.3. Energy Sector

ASPIRE MPA will lay the groundwork for contributions to climate change mitigation. The flagship APSIRE MPA seeks to reform Gaza's electricity sector through a series of policy reforms and infrastructure improvements. The growth of solar power is embedded as an objective in every stage of the MPA, which will see the distribution upgraded to handle solar inputs, the installation of smart meters to encourage household solar generation, and the direct funding of solar installation. Through the rationalization of the sector, and through regulatory reform, the MPA also hopes to establish a competitive solar generation market, which will draw in private sector investment.

The diversification of power sources envisaged in ASPIRE MPA will also aid adaptation. Lack of access to electricity is a major factor in climate vulnerability. By diversifying energy sources, ASPIRE MPA will strengthen energy security in the WB&G and help maintain secure access to electricity in the face of extreme weather events and rising demand.

5. Sector Reviews

5.1. Water Sector

5.1.1. Sector Context

The water and sanitation sector in the WB&G operates under systemic challenges and distortions, which translate into a heavy burden on the national budget. A lack of commercial focus undermines the viability of the sector at multiple levels. In Gaza, tariffs cover two-thirds of costs and SPs collect only 37 cents on each dollar of sales, with the result that the average SP covers less than 24 percent of its costs. In the West Bank, the average tariff barely covers operating costs, but SPs collect only 68 percent of bills issued, collecting only 76 cents on each dollar of costs, using part of these collections for other municipal expenditures, leaving them with high arrears to the bulk supplier.

All bulk water purchases from Israel—through Mekorot Water Company—puts the PWA in further arrears to Israel because of the lack of cost recovery at the SP level. Israel deducts this amount from the taxes it collects on behalf of the PA. In 2020, the Israeli Minister of Finance deducted US$52 million from clearance revenues due to the PA for unpaid Mekorot water bills. It is also worth noting that another amount of US$15 million is also deducted by Israel for its treatment of raw wastewater that flows into wadis in the West Bank and ultimately reaches Israel. The MoF is now recovering arrears—so-called 'net lending'—and this is already causing difficulties for municipalities. This situation is expected to worsen over time since the water demand in the WB&G is rising rapidly. Unless SPs can recover their costs from consumers and pay the full cost of bulk water, the net lending problem will only grow worse. In addition, it is likely that the deductions for untreated wastewater will continue until the West Bank can increase the collection for and treatment of all its wastewater.

Sewerage connections lag in the West Bank compared to Gaza. Sanitation coverage is high across the territory, but connection to sewerage networks is much higher in Gaza than in the West Bank. In Gaza, access to improved sanitation is quasi universal, with 78 percent of the population connected to sewerage networks and the remainder relying on on-site services. In the West Bank, despite near universal access to improved sanitation (94 percent), access to sewer connections is about 30 percent (collecting about 21 million m^3), with rates varying widely by governorate. More than two-thirds of West Bank residents use cesspits, which are emptied by vacuum tankers that usually dump their contents in open areas, valleys, sewage networks, and/or dumpsites, creating serious groundwater contamination risks. In Gaza, about 90 percent of the 80 million m3 of generated wastewater is collected and partially treated—however with limited reuse so far. A new project, funded by AFD, for the reuse of the wastewater treated at the Northern Governorates treatment facilities is under design. The recent commissioning of four large WWTPs in Gaza has improved the overall sanitary situation.

The long-term sustainability of all the treatment plants in the WB&G remains to be addressed, as current tariffs do not cover O&M costs. In the case of the NGEST treatment plants in Gaza, donors—including the World Bank—have agreed to fund their O&M costs for the first five years of operation with the commitment of the PWA and beneficiary municipalities to gradually increase their contributions—through tariff adjustments or municipal support, where

feasible—to cover all costs. The same situation is expected to emerge in the case of the Hebron treatment plant that is currently under construction with funding from AFD and the World Bank.

The recent Cabinet decision (November 2020) has given renewed impetus to institutional changes and reforms that may be put in place in the short term. To address the systemic challenges to water security in the WB&G, the PWA has developed two key complementary policy instruments that will pave the way for a transformational and sustainable shift in the sector. These framework documents are the Water Law (of 2014) and a medium-term SDP for 2017–2022. Implementation of the agreed reforms has been slow for a number of reasons, some of which are beyond the sphere of control of the PWA. With the November 2020 Cabinet decision, the PWA has developed a plan to implement the law and the SDP. The plan focuses on institutional reform needed to improve financial management (FM) and cost recovery and allow for proper O&M of current infrastructure and future investment through the establishment of the NWC and RWUs.

Important capacity constraints among local and national stakeholders, along with political realities and COVID-19, have limited full implementation of the Water Law and the SDP. To begin with, the central oversight role of the PWA has been hampered by the establishment of a parallel structure in Gaza. The capacity of the WSRC, in turn, is threatened by the lack of an operational budget. This means that, despite recent approval of the Utility Establishment and Licensing By-Law, the WSRC may not be able to complete its statutory authority, including the ability to license SPs and establish the fees essential for financial sustainability of the sector. As regards establishment of the NWC and regional utilities, although the PWA drafted road maps for their creation in 2017, implementation has so far been slow. A final constraint is that most SPs are departments within the municipal structure, still governed under the Local Government Act of 1997. LGUs in turn are reluctant to cede water-related revenue streams, explaining the current absence of cost recovery for the bulk water purchased by the PA from Israel. With revenue losses from the COVID-19 impacts, this financial impact will worsen and will need the SPs to strengthen their financial resilience to mitigate the risks of future shocks or crisis that can threaten service provision.

The recent crisis in Gaza has caused significant damage to most parts of the water and wastewater infrastructure, including damages to water pipelines in 135 locations, 1,500 domestic water connections, sewage pipelines across 101 locations, water and sewage pumping stations, water wells, and reservoirs. These losses resulted in limited water, sewerage, and wastewater services during the conflict (for example, 40% of normal water supply); some services are not yet fully restored. During the crisis, about 100,000 CM per day of sewage leaked into the Mediterranean Sea, affecting Israel's activities along the coastline as well. The total cost of the damage and losses was estimated to be US$10–15 million and US$3–5 million, respectively. Considering important indirect costs, such as restoration of delivery services, provision of required maintenance materials and restocking of emergency equipment utilized during the conflict, and other associated needs, the required financing envelope for reconstruction and recovery is estimated to be US$15–25 million. Humanitarian agencies have allocated funds to address immediate needs and some restoration has already taken place; however, significant investment is still needed to fully restore the sector to pre-crisis function.

Ensuring the continuous provision of water supply and wastewater services in Gaza and in the West Bank is necessary to avoid compounding the effects of the COVID-19 crisis. The immediate effects of the pandemic on the water and sanitation sector of Gaza and the West

Bank are already being reflected by the absenteeism of skilled operational staff that require medical treatment and quarantining, the abrupt disruption of the supply chains of chlorine and other indispensable chemicals, the incremental costs to guarantee an adequate supply of water for drinking and hygiene by the most vulnerable population living in refugee camps, in the poorest areas, and the makeshift medical and emergency facilities related to the COVID-19 crisis response. At the same time, the revenue of local SPs has decreased dramatically in comparison to the same period in previous years, due principally to the large percentage of customers who are unemployed. All these factors are expected to intensify over the coming months as a return to the employment and financial situation before the pandemic might take years. The PWA and SPs have prepared a comprehensive plan to address this unprecedented crisis to ensure that the continuity of water, sanitation, and hygiene services is guaranteed.

The World Bank organizing donors' visit to the North Gaza WWTP

5.1.2. Sector Risks

Risk Category	Mitigation Measures
Political and governance	
• The political and security situation in the West Bank and the relationship of the PA with the GoI remain volatile. • Continuing tensions in the relationship between the PA and Hamas on the one hand and Israel on the other may affect project implementation. • The political and governance risk can affect the achievement of the PDO, especially in Gaza, due to an escalation in blockages of orders and restrictions on material entry. Also, the availability of fuel and energy prices depend on Israeli restrictions, potentially affecting the O&M of NGEST and other facilities as well as progress in the works packages.	• The PWA and the World Bank will monitor the situation on an ongoing basis, and the World Bank will address its impact on project implementation and achievement of the PDO through discussions with the PA and the relevant authorities in the GoI, exploring arrangements for material entry. There is confirmation from Coordinator of Government Activities in the Territories (COGAT) that entry of materials restrictions will not affect the already approved projects. Nevertheless, a lengthy process is required to obtain this clearance.
Sector strategies and policies	

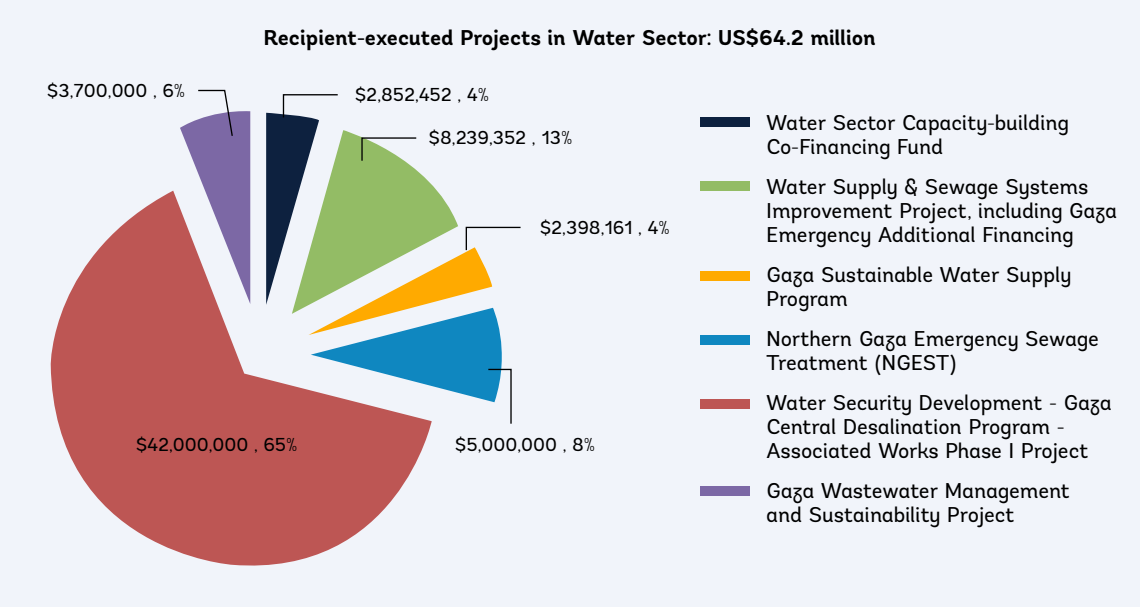
Risk Category	Mitigation Measures
• The PWA has in place a reasonable set of sector strategies and policies supported and endorsed by the donors. • Weak capacity, the volatile political environment, and COVID complications affect implementation of the Water Law and the SDP. • Delays in the creation of the NWC may hinder project's achievement of PDOs.	• AWP-I will fund updates of the SDP to ensure it continues to be relevant. • AWP-I will establish a bulk water unit in Gaza that will be one of the seeds for the creation of the NWC, as envisaged in the SDP and the Water Law. • World Bank team will conduct regular missions with the PWA to supervise progress on activities and adjust course as needed. • Ongoing dialogue and TA with PWA, plus the work with other donors to develop the road map for creation of the NWC, act as mitigation measures. There is also personal interest from the Prime Minister to move water reforms forward.
Institutional capacity building	
• Current capacities at the national level in the water sector may not be adequate for adoption or full operationalization of new roles. • The fiscal situation of the PA has deteriorated recently, with substantial tax revenues being withheld by Israel to pay for water and electricity supplied. • Staffing shortfalls among key implementation teams for water sector projects due to budgetary constraints in PA. • There is a general concern about project sustainability. The CMWU for Gaza, for example, is not ready, technically and financially, to take over the O&M responsibilities of the North Gaza wastewater treatment system.	• AWP-I will support the development of the capacities needed to ensure the sustainability of the bulk supply infrastructure. • The PWA will provide electricity/fuel for the operation of the Gaza short-term low-volume desalination plants and establish a payment mechanism for the additional quantities of imported water from Israel. • AWP-I foresees the design and adoption of an NSPIP, which will help municipal SPs improve their technical efficiency, commercial management practices, and ultimately, financial viability and ability to pay for the bulk water supply services that they will receive. • Under WMS, the project will support a well-designed process for building trust among the institutional stakeholders (the PWA, the CMWU, and the municipalities) and build sustainable capacity in the CMWU for the technical and financial management of the NGWMF, within the framework of the 2014 Water Law. • A Programmatic Technical Assistance: Towards Water Security for the Palestinians (P167309) is planned to provide complementary support to the PWA, related to facilitation with the GoI as well as capacity and sustainability. • Currently the issue of staffing due to PA budget constraints is being addressed and some staff have already been hired.
Fiduciary	

Risk Category	Mitigation Measures
• The high fiduciary risk rating is due to lack of capacity, security restrictions on supervision in Gaza, and inventory control weaknesses identified in earlier projects. • There has also been a case of attempted fraud under a previous project, which is now closed.	• Mitigating measures will include 'ring-fencing' World Bank funds through a dedicated designated account for each TF—and putting in place controls over fund flows. • After more than one year of closure due to COVID-19, the World Bank team was able to resume field visits to Gaza, visiting multiple times after the recent escalations in conflict.
Environment and social	
• Impacts during operation are related to increased demand for energy, wastewater facilities, and increased costs of service provision. • Contractors may not adequately supervise and monitor environmental and social safeguards during the construction phase, including risks related to gender-based violence. • The environmental and social specialists to be recruited within PMUs to manage safeguards implementation are likely to have limited experience in these matters.	• There will be continuous close support to the PMU by the World Bank safeguards team. • Capacity building will be provided for PMU environmental and social officers, as well as site engineers, on the supervision of and reporting on (a) environmental performance; (b) occupational health and safety; and (c) social aspects, including the code of conduct and GRM. • PMUs may seek the support of independent consultants in conducting regular monitoring, preparing environmental and social progress reports, and providing training as needed.
Stakeholders	
• There is a substantial risk of stakeholders not engaging meaningfully in project activities, particularly in paying for the new bulk water in the case of the AWP. • The introduction of new entities and the transformation of others in the water sector will change existing relationships in the sector and may create conflict.	• In the case of the AWP, TA is being provided to ensure that municipalities in the central and southern Gaza governorates sign the memoranda of understanding and work closely with the PMU and the new bulk water unit in Gaza. • Hiring of specialized consultants to engage local communities, including women and other vulnerable groups as well as a Youth Committee, on the benefits, expectations, and concerns linked to projects co-financed by the PID MDTF. • The World Bank team will work closely with co-financed projects' PMUs to ensure that all stakeholders are appropriately consulted and their concerns properly addressed. • Water projects co-financed by the PID MDTF will coordinate with other ongoing World Bank projects in the urban sector to ensure that there is a holistic approach to the engagement with municipalities.

More detailed analysis and policy recommendations in the water sector are available in recent World Bank analytical works.

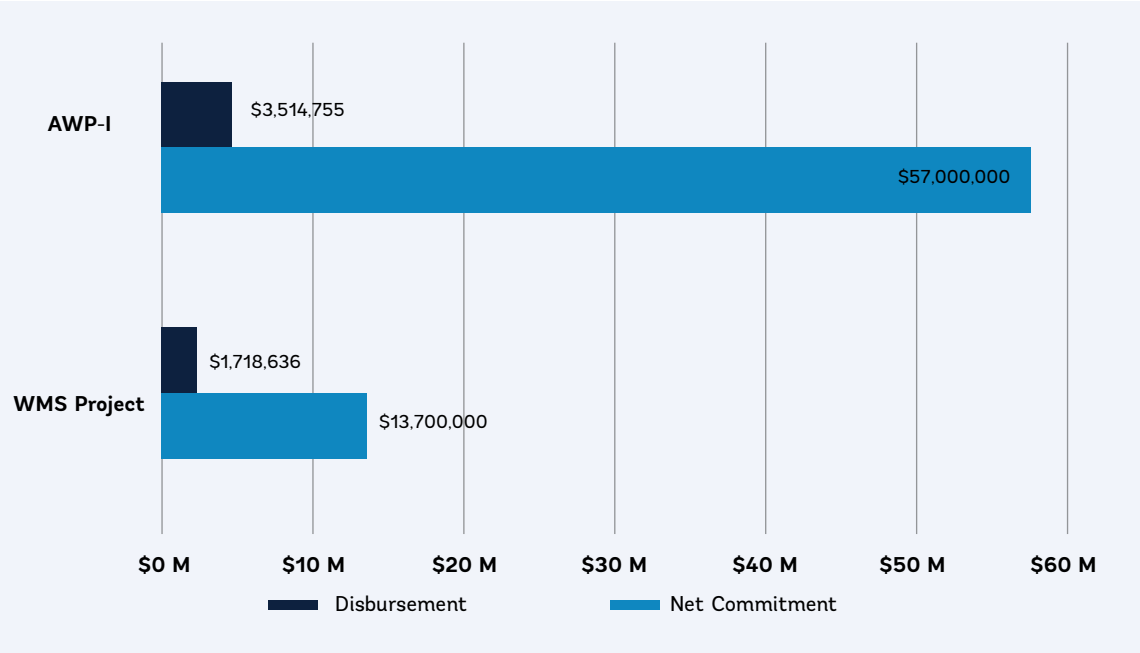
- Toward Water Security for Palestinians: West Bank and Gaza Water Supply, Sanitation, and Hygiene Poverty Diagnostic: http://hdl.handle.net/10986/30316
- Securing Water for Development in West Bank and Gaza: Sector Note: http://hdl.handle.net/10986/30252

Figure 7: Water Sector PID MDTF Funding Distribution as of June 30, 2021[a]



Note: a. Including all (active and closed) projects co-financed by the PID MDTF in the water sector.

Figure 8: Water Sector Disbursements in Active Projects as of June 30, 2021[a]



Note: a. Including all project financing sources, that is, not just the PID MDTF.

Table 13: Water Sector - Key Project Ratings

	Previous Rating	Current Rating
AWP-I		
Progress toward achievement of PDO	Satisfactory	Satisfactory
Overall Implementation Progress (IP)	Satisfactory	Satisfactory
Financial Management	Satisfactory	Satisfactory
Project Management	Satisfactory	Satisfactory
Procurement	Moderately Satisfactory	Moderately Satisfactory
Monitoring and Evaluation	Satisfactory	Satisfactory
WMS Project		
Progress toward achievement of PDO	Satisfactory	Satisfactory
Overall Implementation Progress (IP)	Satisfactory	Satisfactory
Financial Management	Satisfactory	Satisfactory
Project Management	Satisfactory	Satisfactory
Procurement	Satisfactory	Satisfactory
Monitoring and Evaluation	Satisfactory	Satisfactory

5.1.3. Progress by Activities

AWP-I – Water Security Development - Gaza Central Desalination Program - Associated Works Phase I (P168739)
Duration: 5 years **Board Approval Date:** February 10, 2020 **Project Closing Date:** December 31, 2024 **Total Grant Financing:** US$117 million[a] **PID MDTF Grant Amount**: US$42 million **Approval:** March 3, 2020 **TFGWB Grant Amount:** US$15 million **Approval:** March 18, 2020 **Status:** Active
Objective: To improve the quality and quantity of bulk water supplied to the municipalities served in the project areas and strengthen the capacity of the Palestinian Water Authority.

Note: a. Including US$57 million from the PID MDTF and TFGWB, and US$60 million in parallel funding from Kuwait.

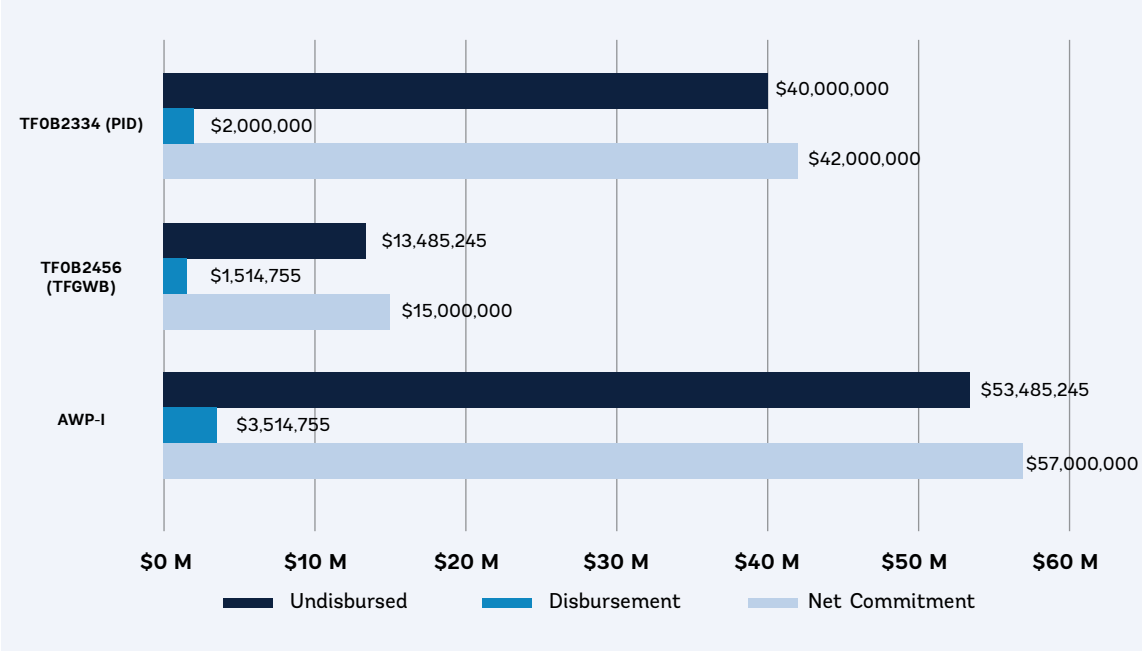
Key Project Ratings

	Previous Rating	Current Rating
Management Ratings		
Progress toward achievement of PDO	Satisfactory	Satisfactory
Overall Implementation Progress (IP)	Satisfactory	Satisfactory
Financial Management	Satisfactory	Satisfactory
Project Management	Satisfactory	Satisfactory
Procurement	Moderately Satisfactory	Moderately Satisfactory[a]
Monitoring and Evaluation	Satisfactory	Satisfactory
Specific Project Ratings		
Improved Supply of Bulk Water to the Southern and Middle Governorates of Gaza (Cost US$91.00 million)	Satisfactory	Satisfactory
Capacity Building and Performance Improvement of Selected Institutions (Cost US$9.50 million)	Satisfactory	Satisfactory
Project Management and Implementation Support (Cost US$16.50 million)	Satisfactory	Satisfactory

Note: a. Although several procurement packages are under preparation, delays have occurred in processing procurement packages compared to the original timeline and project commitments remain low. An updated Procurement Plan was prepared to reflect the revised timeline, and it was approved by the World

Bank in March 2021. A consultancy contract for design adjustment and support to tendering of the two works packages was signed. Preparation of the two major works tender packages (US$33 million) is under way with the support of the hired consultant, and the tendering packages are expected to be signed in 2021. To ensure adequate competition, in light of the access restrictions and COVID-19 crisis, works will be packaged and qualification criteria will be set to encourage participation by qualified local and international bidders, some of whom are present in Gaza. The selection process for few TA packages is under way, including for the PIC for works supervision stage. A qualified procurement specialist was hired in the Project Management Support Unit (PMSU) in the West Bank to replace the one who resigned.

Figure 9: AWP-I Disbursement Ratio (US$, millions) as of June 30, 2021



Background

Water from the coastal aquifer in Gaza is extracted at three times the safe yield; the aquifer is contaminated due to inefficient wastewater treatment, and salinity is increasing due to seawater intrusion. This leaves 97 percent of people of Gaza relying on unregulated private water tankers and small-scale informal desalination plants for drinking water. In the West Bank, there is also a need to further advance investments in bulk water supply and conveyance and to develop an integrated bulk water supply master plan.

Responding to the need, the AWP is part of a coordinated international effort to address chronic poor water quality in Gaza and the significant increase in domestic demand expected in the medium term. The PWA, in partnership with the European Commission (EC), European Investment Bank (EIB), Union for the Mediterranean, IsDB, and World Bank, formulated the Gaza Central Desalination Program (GCDP). The GCDP covers all Gaza and comprises two main components: (a) construction of a desalination plant with initial capacity to produce 55 million cubic meters (MCM) a year of desalinated water that can be doubled in the future and (b) construction of a north-south water carrier, including storage reservoirs to convey and properly blend the desalinated water with groundwater sources to achieve water supply meeting the WHO guidelines for potable water. The latter component is referred to as 'Associated Works'.

Securing the required funding and implementing the GCDP will take several years, leaving the water situation in Gaza, particularly in the southern and middle governorates, in urgent need of improvement. In this context, the international community supported the construction of two short-term low-volume desalination plants which produce 4.7 MCM per year as interim measures to alleviate the needs for freshwater. The PWA has also negotiated the purchase of an additional 5 MCM per year of freshwater for the middle and southern governorates of Gaza from Mekorot for a total of 10 MCM.

The project is contributing toward enhancing the capacity of water sector institutions and reforms outlined in the 2014 Water Law and includes institutional strengthening activities aimed at the establishment of a small unit to manage bulk water supply operations in Gaza, laying a sound foundation for the future establishment of the NWC, which is mandated by the Water Law to manage and operate bulk water throughout the WB&G. The project also lays the foundation for enhancing the performance of SPs by supporting the design and piloting of a national services improvement program, which will serve to guide all future interventions aimed at improving municipal water and sanitation service delivery. The project will further enhance the reform efforts outlined in the 2014 Water Law.

Opportunity

The project responds to an urgent need for improved water supply in Gaza. By blending two new high-quality water sources with 15.3 MCM per year from existing brackish groundwater, AWP-I will supply bulk water to all 16 municipalities in the project area (with an estimated 870,000 people) with at least 90 liters per capita per day (lcd) meeting WHO guidelines for potable water. As these activities will increase the supply of drinking water in the project area, the project will raise the beneficiaries' resilience to climate changes expected in the future, such as exacerbated droughts and extreme heat.

In addition, the project responds to the need for the strengthening of the water institutions thus contributing to key water sector reforms defined by the 2014 Water Law outlined earlier, including the establishment of an NWC, the BWSU in Gaza, and the update of the Water Policy and Strategy. It also aims to develop a rainwater harvesting plan for the West Bank, thus supporting further diversification of water sources.

PID MDTF in Action

The PID MDTF provides a significant portion of the financing for the program and has thereby supported the leveraging of other sources of funding, including other TFs and Kuwaiti funding for US$60 million. Furthermore, it is an integral part of the broader Gaza Desalination program.

Key Achievements

After effectiveness was declared on April 26, 2020, the project has progressed with key ToRs being developed and cleared. The project has faced some delays including staffing of key positions in the PMSU as well as procurement of the PIC, in addition to challenges from the recent attacks on Gaza and the COVID-19 challenges. Nevertheless, the project is still progressing overall in meeting its PDO. Specifically, during the year, the following advances can be noted:

- Progress under Component 1 (Improved Supply of Bulk Water to the Southern and Middle Governorates of Gaza) is under way, with the PIC having been contracted and the key

procurement packages expected to be tendered in September 2021.

- Under Component 2 (Capacity Building and Performance Improvement of Selected Institutions), progress is also evident with deeper analysis under way in certain areas, such as the establishment of the BWSU, expecting to be completed by early 2022.
- ToRs for the implementation of activities under Sub-component 2.3 (updating the national water sector policy and strategy) are finalized and procurement is under way. Additionally, the proposed consultancy to develop a Master Plan for the Bulk Water Supply System and Priority Investments has been tendered.
- The reform agenda of the sector advanced in November 2020 when the government officially announced the establishment of the NWC.

Moving Forward

The World Bank team is working to move forward according to plan, working closely with the PWA to manage the challenges related to the recent war in Gaza and COVID-19, which are affecting the project. Close dialogue is foreseen in the following areas:

- Establishing the BWSU in Gaza.
- Close dialogue with the PWA to support advancement of the key procurement packages under Component 1.
- Working closely with the PWA in finding ways to cover for certain competencies and positions which may be hard to fill.

Going forward, the project is expected to move according to plan. The World Bank team is working closely with the PWA t to manage the challenges (COVID-19 and others) that are affecting the project.

Key Challenges

A core part of the support by the World Bank, EU, German Government, and other international donors (including the Kuwait Fund) for AWP-I—which is aimed principally at building up the bulk water infrastructure of Gaza—was based on an explicit understanding and plan between the GoI and the PA to increase the supply of water to Gaza from 10 MCM per year to 20 MCM per year.[32]

In accordance with this understanding, also noted in the part of AWP-I financed by the Kuwait Fund, the bulk water supply system in the Middle Area (Ben Said connection) has been built and is waiting for clearance to be connected with the infrastructure on the Israeli side. The bulk water supply system at Khan Younis (Bani Suhaila connection) has been built and connected with the infrastructure in the Israeli side. Mekorot connection was finalized, and water is currently flowing after some delays on the Israeli side.

Additional Information

To access all project information, including PADs, ICRs, and Implementation Status and Results Reports (ISRs), refer to the following link:

https://projects.worldbank.org/en/projects-operations/project-detail/P168739.

32 This commitment was initially defined in a plan for additional water supply to Gaza agreed upon in 2012—with the concurrence of international donors, financing agencies, and Israeli authorities. This was reiterated in COGAT's letter dated August 1, 2017, dealing with International Assistance to Enable Gaza to Receive Additional Water from Israel; the letter noted again the agreement to increase water supplies to Gaza from 10 MCM per year to 20 MCM per year as a central underpinning of the assistance package.

WMS - Gaza Wastewater Management and Sustainability (P172578)
Duration: 4 years **Board Approval Date:** June 10, 2020 **Expected Closing Date:** May 21, 2024 **Total Grant Financing:** US$13.7 million **PID MDTF Grant Amount:** US$3.7 million **Approval:** April 22, 2020 **TFGWB Grant Amount:** US$10 million **Approval:** April 27, 2020 **Status:** Active
Objective: (a) To support the continuation of wastewater treatment services in North Gaza and (b) to strengthen the capacity of the water institutions to efficiently manage wastewater services.

Key Project Ratings

	Previous Rating	Current Rating
Management Ratings		
Progress toward achievement of PDO	Satisfactory	Satisfactory
Overall Implementation Progress (IP)	Satisfactory	Satisfactory
Financial Management	Satisfactory	Satisfactory
Project Management	Satisfactory	Satisfactory
Procurement	Satisfactory	Satisfactory
Monitoring and Evaluation	Satisfactory	Satisfactory
Specific Project Ratings		
Component 1: Support for the Continued Operation of the NGWMF (Cost US$7.1 million)	Satisfactory	Satisfactory
Component 2: Rehabilitation and Upgrade of the NGWMF to Improve Efficiency, Build Resiliency and Address Emergencies (Cost US$3.4 million)	Satisfactory	Satisfactory
Component 3: Capacity Building for Sustainability of Wastewater Services (Cost US$2.2 million)	Satisfactory	Satisfactory
Component 4: Project Management and Implementation Support (Cost US$1.0 million)	Satisfactory	Satisfactory
Component 5: Contingency Emergency Response Component	Satisfactory	Satisfactory

Background

The NGWMF, financed by the now-completed NGEST project, began full operation in March 2018.[33] Since then, these facilities successfully contributed to improving environmental and health conditions in North Gaza, by treating wastewater that used to be discharged to the lake at Beit Lahia, posing a major flood risk to the surrounding population.

The health and environmental benefits of the operation of the NGWMF were at risk of returning to pre-NGEST project conditions, as the PWA was unable to continue funding O&M costs. The O&M arrangements for the NGWMF agreed upon under NGEST included an international joint venture (JV) contractor for O&M for a period of two years (up to February 2020). The MoF committed to provide necessary financing to the PWA to pay for the entire two-year period. However, the financial collapse of the Palestinian economy in 2018 compromised the already weak financial capacity of the PWA to continue funding the operating expenditures of the NGWMF. As a result, the contractor was not paid on time and decided to terminate the contract unilaterally in July 2019. The sudden departure of the JV contractor plus uncertainty regarding the final institutional arrangements for O&M of the NGWMF made it impossible to proceed with the implementation of O&M mechanisms for these facilities.

Though not within its institutional mandate, the PWA PMU has been operating the NGWMF since July 2019, facing challenges to pay the salaries of a minimum number of operational staff and retain qualified personnel to manage the plant. Initially, the PWA received an emergency grant from AFD to operate the NGWMF for a limited duration by procuring essential chemicals and consumables as well as paying staff salaries. Without urgent additional short-term financial support, the operations of the NGWMF would have been halted. The facilities will not be sustainable without a legally and technically qualified utility to operate them under an adequate institutional and financial framework.

In response to this situation, the PWA requested the World Bank's help to prepare a new emergency operation—the WMS Project—with the objectives of (a) avoiding the collapse of the North Gaza Wastewater Treatment Plant (NGWWTP) and related facilities due to the lack of financial resources to operate and maintain the facilities built under NGEST and (b) building a sustainable solution for wastewater management in northern Gaza. The project was approved on June 10, 2020, with four main components: Component 1: Support for the Continued Operation of the NGWMF (US$7.1 million); Component 2: Rehabilitation and Upgrade of the NGWMF to Improve Efficiency, Build Resiliency and Address Emergencies (US$3.4 million); Component 3: Capacity Building for Sustainability of Wastewater Services (US$2.2 million); and Component 4: Project Management and Implementation Support (US$1.0 million).

Opportunity

The project is supporting the uninterrupted operation of the NGWMF to benefit 368,000 residents in North Gaza, while protecting people and communities from the risk of devastating floods of untreated wastewater. The treated effluent will be used to replenish the coastal aquifer of Gaza for reuse in agriculture. The project addresses the urgent need to finance efficient O&M expenses for four years, as well as minor rehabilitation to guarantee performance at design capacity, and high-priority measures to gain resilience and flexibility to mitigate flood risks and reduce vulnerability to man-made hazards, political conflicts, and climate change.

33 US$82 million, with financing from the World Bank, Belgium, France, Sweden, and EC.

At the same time, the project is financing TA to strengthen the capacity of the CMWU as an RWU of the PWA, in close coordination with the international donor community, which is supporting similar wastewater treatment facilities in central and south Gaza.

PID MDTF in Action

The PID MDTF is providing essential financing for the implementation of the project's different components, hence directly contributing to the sustainability of wastewater services in North Gaza. PID MDTF support has been critical as well to ensure continued operation of PID MDTF financed infrastructure after the damage caused by the conflict with Israel in May 2021.

Key Achievements

- The project was approved on June 10, 2020, and was declared effective on September 22, 2020. Its implementation is advancing satisfactorily, despite various challenges faced during this reporting period, including the Israel–Palestine conflict of May 2021.
- Despite initial delays in hiring PMU staff due to COVID-19 and the salary cap imposed by the government, the hiring process is moving ahead, with all key PMU positions already filled and the hiring for the remaining positions under way. To ensure that operations on the ground are not be affected, the PWA has utilized other PMU staff to fill the gap until hiring is finalized.
- The operations of facilities continue to meet agreed upon standards (Component 1) and the design for upgrades and rehabilitation of the facilities are progressing well, thus helping strengthen the resiliency of the system (Component 2).
- The pressure pipeline transporting wastewater from the TPS to the WWTP was hit during the last war. There was a serious risk of collapse of the entire wastewater system in north Gaza and overflooding of the Random Lakes. Luckily, the PWA and CMWU were able to fix the line immediately after ceasefire and operation was gradually restored to its original status.
- On the institutional side (Component 3), the PWA is progressing well to ensure that the CMWU is meeting the agreed upon fiduciary requirements, including the finalization of warehouse management ToR, technical and financial audit ToR, and discussions on the single procurement plan.
- The draft agreement between the PWA and CMWU has been prepared and is being reviewed by all parties before its approval.

Coordination with other donors (mainly KfW and AFD) is proceeding well along two fronts: (a) ensuring building on the similar work done on wastewater in other parts of Gaza and (b) supporting the transformation of the CMWU into an RWU. This coordination has been essential to quickly assessing damage to water and wastewater infrastructure in Gaza during the aftermath of the Palestine-Israel conflict in May 2021. Damages to wastewater transfer infrastructure in Gaza were quickly repaired by the CMWU to prevent wider negative impacts.

Moving Forward

The World Bank and PWA team are working closely to overcome current challenges (COVID-19, war impact, liquidity issues, operational challenges). The following are upcoming priorities.

- Get a fully staffed PMU in place for the project.

- Continue high-level discussions and reach agreements on key institutional activities under Component 3.
- Advance tendering and implementation of contracts under Component 2 and strengthen the O&M team under Component 1.
- Activate the project's Contingent Emergency Response Component to address Gaza's reconstruction needs after the May 2021 conflict with Israel.

Additional Information

To access all project information, including PADs, ICRs, and ISRs, refer to the following link: https://projects.worldbank.org/en/projects-operations/project-detail/P172578.

Aerial photo of the both Gaza treatment facilities.

NGEST recovery pumps

5.1.4. Proposed Activity

WSDP MPA **- Water Security Development Program Multiphase Programmatic Approach (P176025)**
Duration: 10 years - multiphases **Board Approval Date:** Expected on September 21, 2022 **Expected Closing Date:** September 20, 2025 for Phase I **Total Grant Financing:** US$35 million for Phase I **PID MDTF Grant Amount:** US$20 million **TFGWB Grant Amount:** US$15 million **Status:** Pipeline
Objective: The objective of the Program is to improve water and wastewater service quality and ensure sector financial sustainability.

Background

The proposed WSDP MPA is a continuation of the concept of the Water Security Development - Gaza Central Desalination Program - Associated Works Phase I Project (AWP-I, P168739), with its focus on sector reform and institution building. Additionally, however, the proposed WSDP MPA taps into the integrated framework that was developed as part of the World Bank's 2018 ASA, Towards Water Security for the Palestinians. That framework—referred to by acronym IWII—combines institutional change (I) with adequate water resources (W) and investment (I), all of which are integrated in an incentives (I) package. The water sector in Palestine calls for improvement in the efficiency and accountability of service provision through institutional change and to bring adequate water resources and investment—to enable providers to deliver affordable quality WSS services. The World Bank is currently preparing its next operation for a long-term strategic engagement in the water sector to support these needs.

Based on the request of the PWA, and in coordination with selected donors, the World Bank is proposing the WSDP MPA as a long-term program using a multi-phase approach—similar to the energy sector. The MPA tool is well-suited to the conditions that face the water sector in the WB&G, for several reasons, including the following:

- The water sector has major sustainability issues, requiring a long-term commitment and partnership to address them. The (10-year) MPA program would be designed to deal with the two most salient challenges: (a) eliminating current net lending issues from the water sector and (b) strengthening the sector's financial sustainability
- The highly unpredictable fragility, conflict, and violence (FCV) context of the WB&G makes it necessary to use a phased approach for the World Bank support to allow for likely changes between start and end of the program.
- The MPA provides scope for process simplification (for example, single approval of phases and adjustment of content between phases). This simplification is important as funds from the World Bank—also key donors—are often based on annual allocations and better suited for a simplified authorizing environment.

Key Anticipated Results of the Program

The proposed WSDP MPA is structured with subsequent phases, where approval of each new phases will be contingent on satisfactory implementation performance of the preceding phase. The proposed structure provides a mechanism to adapt to changing circumstances and prioritize actions under the different pillars. This flexibility is important as MPA funding is dependent on the availability of World Bank special finance and donor financing, which is typically allocated on an annual basis. The implementation period spans 10 years and is envisaged in three phases. The PDO will be maintained throughout all phases. The theory of change in Table 14 aims to improve the water and wastewater service quality in the WB&G and ensure sector financial sustainability. This is expected to be achieved through investments in infrastructure and improving overall service delivery, which in turn are expected to contribute to improving financial sustainability. As new funds become available from DPs, the scope of impact of the WSDP MPA will be greater.

Table 14: WSDP MPA - Proposed Theory of Change

Activities	Outputs	Outcomes	PDO
At local level • Through incentives, support increased efficiency in service provision: increase cost recovery for water services, by way of metering, billing systems, increased collection efficiency, and tariff reforms	• Meters installed • Billing systems installed • Increased collection of tariffs • Leakages reduced • Wastewater tariff introduced • RWU established	• Improved water pressure and water availability (reduced intermittency) • Wastewater treatment • Increased revenues and improved maintenance	Improve water and wastewater service quality and ensure sector financial sustainability.
At bulk level • Priority infrastructure installed to increase the quantity of water and improve the management of available water resources (based on results of master plan) • Wastewater collection, treatment, and reuse • Complete establishment of the NWC	• Bulk system rationalized and interconnections improved • Increased bulk storage installed • WWTPs and reuse systems implemented • NWC fully established and functioning	• Reliable bulk water availability • Reduction of net lending • Transboundary wastewater eliminated	
At the national policy and regulatory levels • Performance monitoring is institutionalized • Sector policy planning, coordination, and financing are improved	• Annual performance reports • Funding mechanism for SPs (with incentivizing concept) • Governance and accountability	• Realize sector governance	

5.2. Urban and Land Sectors

5.2.1. Sector Context

Challenges for LGUs in the WB&G, already significant, have increased further as they continue to struggle with the lingering pandemic and, in the Gaza Strip, a major conflict. The slow recovery meant anemic economic activity, in turn limiting the room for raising revenues for LGUs, and therefore the ability to provide local services. The May 2021 conflict in Gaza exacerbated the situation in the Gaza Strip. Municipalities in the Strip sustained damages to municipal infrastructure and facilities estimated at US$25–30 million and losses estimated at US$2–5 million. The municipalities had to divert some of the already limited municipal budgets for urgent repairs and reconstruction works, affecting the already deteriorating level of municipal services.

LGUs persevered to maintain service delivery despite these challenges. With support from the PID MDTF, the World Bank and the PA initiated implementation of an emergency COVID-19 response program for LGUs in both the WB&G. Through AF to the ongoing MDP-3, LGUs were provided support to carry out labor-intensive public investment projects as well as O&M activities. Not only does this project help sustain service delivery but it also generates temporary jobs for highly vulnerable households. This labor-intensive operation was designed to target a percentage of female employment from poor households. This operation also saw other donors (that is, KfW and AFD) putting in additional parallel resources to the municipal COVID-19 response (more details in the project section).

Amidst a precarious economic, political, and health context, the PA has not wavered in its commitment to reforms in the sector. In fact, dialogue on key sector issues intensified. Discussions on reforming the IGFT system were carried out; broad stakeholder consultations were carried out to generate input on the design, scope, and institutional framework for an IGFT system which will address the current horizontal and vertical gaps that hinder effective functioning of LGUs. The MoLG is working with the World Bank on strengthening its monitoring and oversight to improve LGU performance. Work is under way to design an LG performance monitoring and assessment system that will aim to coordinate monitoring by the MoLG, MDLF, and possibly other central entities as well as provide a systematic and institutionalized basis of allocating resources to LGUs. There is also continued pursuit of the decentralization of property tax collection, with consensus in the PA that assigning property tax collection to municipalities augurs well not only for increased tax collection rates but also better planning and investment programming in LGUs. The World Bank activities in these areas, supported mostly through the LG ASA with financing from the PID MDTF, are leading the ongoing dialogue to address the net lending issue that currently hampers fiscal transfers involving LGUs, the MoF, utility authorities, and providers. The World Bank engagement is sought strongly by the PA recognizing its technical leadership on these issues. Work in these areas also informs the World Bank's decisions and prioritization of areas of financing and policy support.

The reforms so far are bearing fruit, facilitating better delivery of services through actions taken at the center. Linking grants to policy action under LGSIP, for instance, the Transport Fee allocation was transformed into a predictable, equitable, and timely source of LGU revenues. Not only has this process introduced improved planning, FM, and other aspects of governance in the VCs, it has also enabled implementation of high-impact community infrastructure projects and joint investment activities across LGUs.

Sustainability and resilience are now priority concerns in the sector. There is as yet no clear national policy nor strategy to address O&M of local infrastructure—through an asset management framework, for example—in the WB&G. As a result, there is insufficient investment in O&M, if at all, in practice. The focus is predominantly on the provision of new infrastructure. This fiscal year, with support from the PID MDTF, a cross-sectoral study being conducted will produce recommendations for both central and LGs to improve O&M and the sustainability of infrastructure assets, particularly those related to basic services. The World Bank has also initiated support to LGUs aimed at improving resilience to natural disasters. Following up on earlier TA to the PA to enhance its disaster risk management law, the World Bank, through MDP-3 (and financing from the PID MDTF), is supporting integration of disaster risk management in local planning and investment programming processes. The aim now is to expand the dialogue to include climate change adaptation and mitigation in sector activities.

SWM remains a pressing issue, despite the completion of the Al Minya landfill in 2015 in the southern West Bank and the Sofa landfill in middle Gaza. The shortage of accessible land for construction of a sanitary landfill is the most significant challenge in the SWM sector in the West Bank. The Middle Area of the West Bank is in dire need of a sanitary landfill and still has a number of open random dumpsites. However, due to restrictions by the GoI on Area C, the pursuit of this option has stalled. Consequently, there is a heavy load on the currently operating landfills, overburdening the Zahret Al Finjan landfill's daily capacity in the north and adding pressure to the Al Minya landfill in the south. Current available resources—local revenues and external aid—cannot respond to these critical land and infrastructure needs. The PA is considering installation of a solid waste incinerator in the northern West Bank; however, various assessments have recommended against this as a feasible solution for the WB&G, as solid waste volumes are insufficient for optimal operation of an incinerator. Alternative solutions—including waste reduction options—are recommended for consideration and study.

SWM remains a particularly critical priority in the Gaza Strip. Inadequate waste collection services, improper disposal at open dumpsites, and open-air burning are negatively affecting the residents of the region. These problems are being addressed in southern and middle Gaza through GSWMP—currently under implementation. GSWMP helped construct the largest sanitary landfill in southern Gaza through multilateral donor assistance—including the provision of additional operational funding support from the Global Partnership for Results-Based Approaches (GPRBA)—and is currently serving the three largest governorates in southern and middle Gaza, constituting about 46 percent of the total population of the Gaza Strip. While GSWMP greatly improved the overall SWM system and provided much-needed operational funding support in an otherwise overburdened and underinvested solid waste sector, the problem of SWM remains largely neglected in northern Gaza and urgent intervention and investments in solid waste infrastructure (sanitary landfill) are critically needed. Given that the available—mostly local—resources are hardly sufficient to respond to such substantial infrastructure needs, further effort and priority considerations would be required from external aid agencies and donor partners to explore possible solutions.

Deepening the reforms and scaling up operations for urban development should now be pursued. The momentum of LG reforms should be sustained. The Sector Working Group on Local Government—a forum established for dialogue among DPs and the PA—highlighted the need to prioritize policy implementation actions going forward, along with the securing of commitments from all stakeholders. As current operations in the sector (LGSIP, the ICUD, the Gaza Solid Waste Management Project or GSWMP, and MDP-3) wind down, the MoLG has asked the World Bank and the PID MDTF to consider follow-up projects to sustain the gains achieved in the

sector so far. A multi-phased approach in future support to urban/LG is envisioned: a long-term goal post will be set for a deepened policy reform agenda while a series of investments will be identified and prioritized in accordance with the funding constraints defined for the operation. Similarly, continued and expanded funding support from the PID MDTF for analytics and TA will also be critical going forward, to sustain the reform process and to augment resources for the MPA investment program for LG and urban development.

The land sector and land-related issues are a top priority for the PA. This continues to be emphasized in the NDP 2022. Access to land in the WB&G remains one of the largest impediments to economic growth. Acceleration of land registration is needed for the development of the business environment and the housing and construction sectors, which are key contributors to GDP. One of the most significant economic impacts of land registration is in the financial sector's lending and mortgage markets; only registered land can be used for collateral. World Bank analysis conservatively estimates that the collateral value of unregistered land in PA-controlled areas ranges between US$7 million and US$35 billion.[34] The additional collateral would improve access to finance for households and micro, small, and medium enterprises (MSMEs) that are currently unable to generate financing. There is also a significant loss of potential revenue for the PA and, particularly, LGUs from land-related taxation (for example, idle land tax and capital gains tax) stemming from incomplete land records.

Overall, there has been slow progress in land registration efforts and advancement of reforms during the reporting period, as activities were affected by the ongoing pandemic. SLR activities are back to full operations; however, it is important for the LWSC to develop a short- and long-term strategy for conducting and completing registration in the West Bank. Not only is it key for the programmatic planning of central and LGs with regard to the land and municipal sectors but would also enable DPs to better align support for these initiatives. The PLA made efforts during the pandemic to undertake some services online to limit the need for in-person visits to PLA offices. These are good first steps but also highlight the important need to digitize all land-related services for citizens. The PLA has prepared a strategic plan for the agency that aligns well with RERP support. Overall, the severe financial and economic situation of the PA is affecting operating budgets of both the LWSC and PLA. This will inevitably affect the pace of activities for both agencies—including registration, digitization, and gender awareness—at a critical time when work needs to proceed faster. Lastly, the draft amendment to the PLA Law is yet to be ratified by the executive branch.[35] The amendment aims to establish strategic and policy oversight of institutions in land administration with a view to increased transparency and calls for the establishment of a Board of Directors that would oversee the operations of the PLA. In 2020, the President's Office sent the PLA Law back to the Council of Ministers with comments on the financial implications of the law. All comments were addressed and the text of the law was reformulated and returned to the Council of Ministers for approval in April 2021, following which it was resubmitted to the Presidency for enactment.

Strategic support is needed to help the PA with reforms to make important advancements in the land sector. Recently, the PA launched a Sector Working Group on Land to bring all the sector stakeholders together, coordinate work, and jointly address needed reforms. In parallel, the PMO launched an inter-ministerial Committee, chaired by the Minister of Local Government, to oversee and coordinate activities in the land sector, predominantly with the LWSC and

34 World Bank Report: The Socio-economic Impacts of Weak Land Administration. (available upon request).

35 The initial drafting of the amendment to the law was supported with TA from the Support to the Reform of the Palestinian Land Sector ASA.

the PLA. These are good initial steps by the PA to activate dormant but important activities and create space for much-needed support. The ongoing land sector ASA and RERP are well-placed to provide technical guidance and partially finance needed interventions (as noted in the following section). However, it will be imperative for the LWSC and PLA to demonstrate their commitment to making continued progress on the ground. The coming year will be critical to keeping the sector on track toward strategic reform and advancement.

Despite the limited opportunity for enacting reform in FY21, analytical work was conducted at the behest of the PA to address a number of issues for the urban land sectors. With co-financing support from the PID and in cross-sectoral collaboration with the governance unit, a diagnostic of issues related to the monitoring of net lending to LGUs was conducted. The diagnostic proposed recommendations that the MoF can carry out immediately to improve the quality of information relating to this issue. At the same time, the PA and MDLF, with TA from the World Bank, have been developing a road map for the creation of a municipal credit market in the WB&G, solidifying the government's commitment to put in place sustainable financing for LGUs. One of the key resources available to LGUs to encourage private sector investment in services and/or private sector collaboration is public land. A draft assessment report has been completed under the land ASA to assess and inform policy development for state/public property management. This assessment will investigate opportunities for partnering with the private sector for development purposes by leveraging public land resources available to LGUs. This potential will become increasingly more feasible with the registration of state properties under RERP. An additional comparative report analyzing all land-related taxes and fees has been completed and is ready for follow-up consultation.

5.2.2 Sector Risks

Risk Category	Mitigation Measures
Political and governance	
• The political and security situation in WB&G remains volatile with episodes of violence and conflict with Israel escalating during 2021. • Internal political unrest—including the continued postponement of municipal elections and end of election terms for the existing councils—continues to erode the social contract with citizens. • The Gaza Strip endured a new round of hostilities in May 2021 causing humanitarian losses, interruption of services and damages to physical assets. • Unpredictable application of the GoI 'dual-use' policy for project inputs is a significant risk and can contribute to delays in project execution. • Further deterioration of the fiscal position of both WB&G municipalities can impair their capacity to plan and execute project activities.	• Continued support for the resilience of the Palestinian LGUs, together with the commitment of the MDLF to maintain the timely implementation of projects, will serve as crucial factors to mitigate risks from the FCV context. • The PA and the donor community to work together to pursue critical recovery and reconstruction efforts in Gaza. • DPs will continuously make coordinated efforts to reduce the incidences of blocked entry of project inputs by engaging the GoI. Regular monitoring of the political situation throughout project implementation will help determine when to make necessary adjustments to projects' objectives and targets. • The urban projects continue to support LGUs in their efforts to maintain services and—through capacity building—provide stability for citizens.

Risk Category	Mitigation Measures
Sector strategies and policies	
• On land risks in the sector, inconsistencies and fragmentation within the sector's legal framework have contributed to (a) low levels of real estate registration in the West Bank, (b) low efficiency in land-related services, and (c) missed opportunities for revenue from land-related fees and taxes. • Persistent economic contraction and reduced fiscal transfers are severely compromising the ability of municipalities to provide services at the local level. • Backpedaling on progressive reforms such as property tax devolution could create additional hurdles for the MDLF to initiate municipal lending.	• Ongoing land sector ASA is supporting the PA with analysis and technical expertise for the ongoing reform of the legal framework governing land—including recommendations for reform. • AF, while modest compared to the needs, will help mitigate the deteriorating services at the local level. • The World Bank's support to the municipalities is mobilizing additional resources from DPs. • Dialogue with key stakeholders, including the MoLG, MoF, MDLF, and Association of Palestinian Local Authorities (APLA), will be held continuously.
Institutional capacity	
• Low capacity of LWSC to manage projects and advance technical approaches to registration and related activities like GRM and gender awareness. • The LWSC is also affected by financial constraints and high operating costs, further contributing to slow pace of registration. • The PLA operates with outdated, paper-based systems, resulting in slower processing time for land-related transactions. • LGs in the WB&G are facing severe constraints due to reduced transfers from the PA and the increased demands from COVID-19 response. • Financial stresses on municipalities and JSCs present risks to the quality and operational sustainability of the new infrastructure.	• RERP has addressed the institutional challenges of the land agencies in its project design, through provisions for technical support and capacity building. • RERP will support automation of SLR processes, development of a PMIS, and capacity development to streamline the registration process. • RERP will support the modernization of the PLA for improved service provision. • The land sector ASA continues to provide TA support to the institutional functions of the two land agencies. • AF will scale up project activities to support the delivery of urgent COVID-19 crisis response activities within municipalities in the WB&G. • Ongoing land sector ASA will provide recommendation to improve the sustainability of infrastructure. • Targeted support to central- and local-level institutions provided through TA and financial incentives in investment programs will continue to consolidate the sector and enhance effectiveness in policy making, oversight, and implementation support.
Fiduciary	

Risk Category	Mitigation Measures
• Monitoring of procurement and FM performance—especially in Gaza—is limited due to the Gaza blockade and the restriction on movement and access for project staff. • The weak FM of the PA, particularly in accounting and reporting, and delays in implementing procurement reforms make the country-level fiduciary risk substantial.	• Overall responsibility for project procurement rests with the MDLF, which acts as the World Bank's counterpart for procurement and FM. • The MDLF operates a Gaza satellite office, staffed with technical, safeguards, and administrative personnel, working in Gaza on a full-time basis, to lead project support to Gaza municipalities and monitor project activities. • Monitoring systems include checks to ensure that no payments are made to designated persons or individuals directly by the World Bank. • The World Bank has been successfully conducting virtual missions with fiduciary assessment throughout the pandemic-affected period. • In all World Bank projects, the procedures for processing the various types of procurement are well documented in the Project Operations Manuals. • Regarding land, a procurement specialist has been provided by the project to support the PLA and LWSC with implementation as well as training and capacity building on procurement processes.
Environment and social	
• Given the dense urban settlement pattern of Gaza, construction activities are expected to have impacts on community safety and will interrupt traffic and other municipal services. • Concerning the land sector and RERP, the settlement process may affect some land users and encroachers, which could negatively affect vulnerable groups.	• Careful planning, construction management, and coordination with local authorities on projects with construction aspects will minimize negative impact—helping keep the impact localized and short term. • A Resettlement Policy Framework was prepared and disclosed; the MDLF has substantial experience in managing environmental and social safeguards from a series of World Bank-financed investment operations. • Under RERP, an SIA, an SMP, and a GAP will help mitigate the risk. • The current grievance redress system and public outreach practices for both the PLA and LWSC will be further strengthened under RERP.

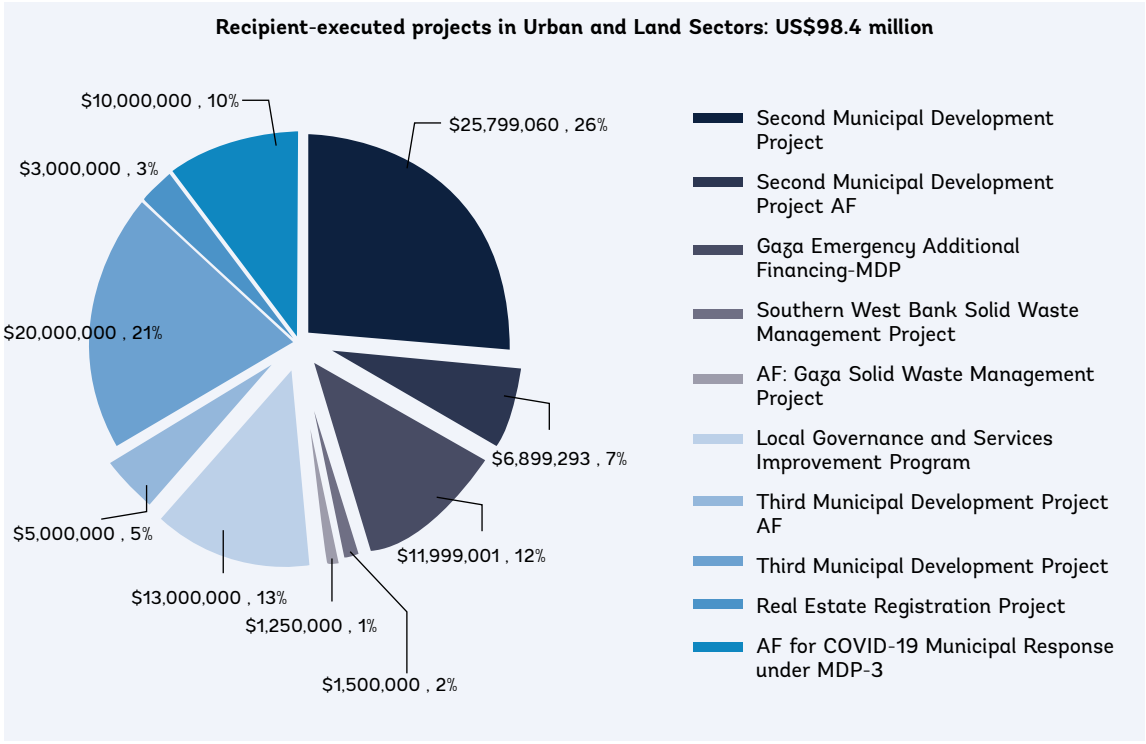
More detailed analysis and policy recommendations in the urban and land sectors are available in recent World Bank analytical works.

- The Performance of Palestinian Local Governments: An Assessment of Service Delivery Outcomes and Performance Drivers in the West Bank and Gaza: http://documents.worldbank.org/curated/en/920051497530257564/pdf/ACS22456-REVISED-WB-LGPA-report-TO-IDU-6MB-Nov-16-2017.pdf
- Public Expenditure Review of the Palestinian Authority - Chapter 5: Intergovernmental Fiscal Relations:http://documents.worldbank.org/curated/en/320891473688227759/

Public-Expenditure-Review-Palestinian-territories

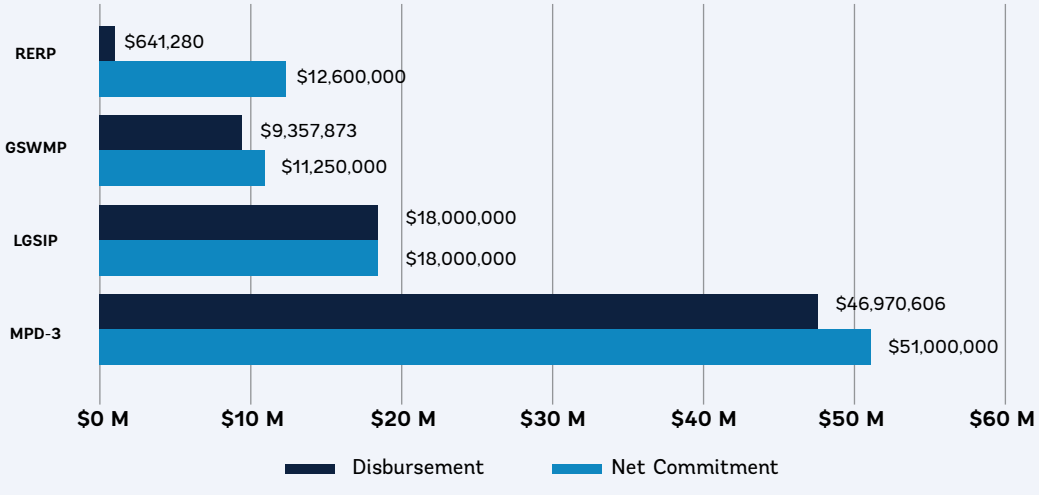
- The Socio-Economic Effects of Weak Land Registration and Administration System in the West Bank: (available upon request).

Figure 10: Urban and Land Sectors PID MDTF Funding Distribution as of June 30, 2021[a]



Note: a. Including all (active and closed) projects co-financed by the PID MDTF.

Figure 11: Urban and Land Sector Disbursements in Active Projects as of June 30, 2021[a]



Note: a. Including all project financing sources, that is, not just the PID MDTF.

Table 15: Urban and Land Sectors - Key Project Ratings

	Previous Rating	Current Rating
MDP-3		
Progress toward achievement of PDO	Moderately Satisfactory	Moderately Satisfactory
Overall Implementation Progress (IP)	Satisfactory	Moderately Satisfactory
Financial Management	Satisfactory	Satisfactory
Project Management	Satisfactory	Satisfactory
Counterpart Funding	Moderately Satisfactory	Moderately Satisfactory
Procurement	Satisfactory	Satisfactory
Monitoring and Evaluation	Satisfactory	Satisfactory
GSWMP		
Progress toward achievement of PDO	Satisfactory	Satisfactory
Overall Implementation Progress (IP)	Satisfactory	Satisfactory
Financial Management	Satisfactory	Satisfactory
Project Management	Satisfactory	Satisfactory
Counterpart Funding	Moderately Satisfactory	Satisfactory
Procurement	Satisfactory	Satisfactory
Monitoring and Evaluation	Moderately Satisfactory	Moderately Satisfactory
LGSIP		
Progress toward achievement of PDO	Satisfactory	Satisfactory
Overall Implementation Progress (IP)	Satisfactory	Moderately Satisfactory
Technical	Satisfactory	Satisfactory
Fiduciary Systems	Satisfactory	Satisfactory
Environmental and Social Systems	Moderately Satisfactory	Moderately Satisfactory
Disbursement Linked Indicators (DLIs)	Satisfactory	Satisfactory
Monitoring and Evaluation	Satisfactory	Satisfactory
RERP		
Progress toward achievement of PDO	Satisfactory	Moderately Satisfactory
Overall Implementation Progress (IP)	Satisfactory	Moderately Satisfactory
Financial Management	Moderately Satisfactory	Moderately Unsatisfactory
Project Management	Satisfactory	Moderately Satisfactory
Procurement	Satisfactory	Satisfactory
Monitoring and Evaluation	Satisfactory	Satisfactory

5.2.3. Progress by Activities

MDP-3 - Third Municipal Development Project (P159258)
Duration: 5.5 years **Board Approval Date:** July 21, 2017 **Project Closing Date:** February 28, 2023[a] **Total Grant Financing:** US$76 million **TFGWB Financing:** US$16 million **Approval:** July 21, 2017 **TFGWB AF Grant:** US$10 million **Approval:** May 23, 2019 **TFGWB AF for COVID-19 Response:** US$15 million **Approval:** March 5, 2021 **PID MDTF Grant Amount:** US$20 million **Approval:** November 27, 2017 **PID MDTF AF Grant:** US$5 million **Approval:** May 23, 2019 **PID MDTF AF for COVID-19 Response:** US$10 million **Approval:** March 5, 2021 **Status:** Active
Objective: To enhance the institutional capacity of municipalities in the West Bank and Gaza for more accountable and sustainable service delivery.

Note: a. The closing date of MDP-3 was extended by one year from February 28, 2022 to February 28, 2023, to reflect its AF to support the municipal response to COVID-19 through grants to municipalities.

Key Project Ratings

	Previous Rating	Current Rating
Management Ratings		
Progress toward achievement of PDO	Moderately Satisfactory	Moderately Satisfactory
Overall Implementation Progress (IP)	Satisfactory	Moderately Satisfactory[a]
Financial Management	Satisfactory	Satisfactory
Project Management	Satisfactory	Satisfactory
Counterpart Funding	Moderately Satisfactory	Moderately Satisfactory
Procurement	Satisfactory	Satisfactory[b]
Monitoring and Evaluation	Satisfactory	Satisfactory
Specific Project Ratings		
Municipal Performance and Service Delivery (Cost US$81.9 million)	Satisfactory	Moderately Satisfactory[c]
Capacity Development (Cost US$8.3 million)	Satisfactory	Moderately Satisfactory[c]
Municipal Partnership Projects (Cost US$2.5 million)	Satisfactory	Moderately Satisfactory[c]
Project Implementation Support and Management Cost (Cost US$13.8 million)	Satisfactory	Satisfactory

Emergency Labor-intensive Gaza Municipal Services (Cost US$9.2 million)	●Satisfactory	●Satisfactory
Contingency Emergency Response Component	●Satisfactory	●Satisfactory
Emergency COVID-19 Municipal Response (Cost US$48.3 million)	–	●Satisfactory

Note: a. The downgrade is due to the unlikely achievement of PDO indicators by the original closing date of February 28, 2022. With the extension of project closing date and the revisions to the RF brought about by the recently approved AF, this rating will be reviewed at the next supervision mission.

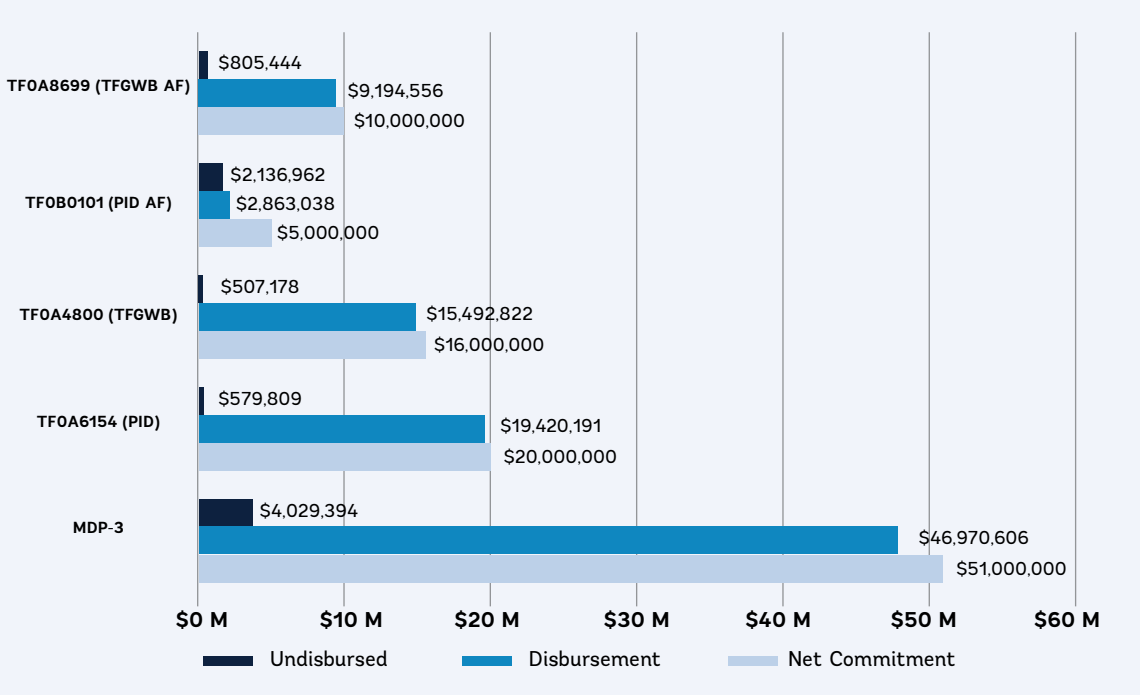
b. For Component 1, the beneficiary municipalities have signed 646 works and goods contracts, under cycles 1 and 2, to carry out the municipal sub-projects in the WB&G under MDLF's oversight. Among them, 523 contracts have been completed worth EUR 47,485,306, while the works in 133 contracts are ongoing, worth EUR 19,515,686.

Moreover, under cycle 2, the municipalities are in process of tendering, evaluating, and awarding 76 sub-projects worth EUR 14,980,665. Furthermore, the MDLF continues to carry out the procurement at the central level in a satisfactory manner. Last, the World Bank conducted, in February 2021, a procurement post review for contracts awarded during the last year. The review concluded that the procurement activities were carried out in accordance with the World Bank Procurement Regulations with minor deviations. The procurement post review report was shared with the MDLF for its action.

c. The COVID-19 global pandemic is weighing negatively on the financial performance of municipalities. The PDO indicators—including (a) number of municipalities that move up one rank in the performance assessment system and (b) number of municipalities with operational and enterprise surplus and no increase in arrears—are unlikely to meet the original end targets. The same applies in the case of the two intermediate indicators—including (a) number of municipalities graduated to category A and (b) number of municipalities with yearly increase in revenues collected by the municipality. The difficulty in achieving these targets is caused by implementation being significantly affected by the health crisis. The COVID-19 pandemic has imposed many implementation challenges such as the restrictions on physical interactions between the MDLF and the municipalities. As a result, a slowdown was witnessed in implementation of infrastructure subprojects as well as in the delivery of planned capacity development activities.

Rehabilitation and paving of the ring road in Tamoun-West Bank

Figure 12: MDP-3 Disbursement Ratio (US$, millions) as of June 30, 2021



Background

MDP-3 was approved on July 21, 2017, with financing in the amount of US$16 million from the World Bank's TFGWB and US$20 million in co-financing from the PID MDTF. The project is aligned with the PA's long-term strategy to consolidate and strengthen service delivery in the LG sector and to nurture financially sustainable LGUs as specified in the MoLG's LG Sector Strategy for 2017–2022. The project continues to consolidate and scale up past gains under MDP-1 and MDP-2 in municipal performance and accountability enhancement. It also aims to strengthen the enabling environment at the central level and support municipal partnerships with the private sector to improve the efficiency and sustainability of municipal services. The AF in the amount of US$15 million was approved on May 23, 2019: US$10 million from the TFGWB to support labor-intensive municipal services delivery in the Gaza Strip and US$5 million from the PID MDTF to partially address financing gaps under the project. A second restructuring of the project was approved on May 10, 2020, to include an adjustment of the scope of Component 1 - Municipal Performance and Service Delivery, allowing municipalities to finance part of the costs of municipal activities to respond to the COVID-19 pandemic, sustain the provision of critical services and provide relief to vulnerable communities during the crisis, and add a Contingent Emergency Response Component to allow for rapid access to World Bank financing to respond to imminent crises or emergencies throughout the lifetime of the project. A second AF in the amount of US$15 million from the TFGWB and US$10 million from the PID MDTF was approved on March 5, 2021, to support the delivery of urgent COVID-19 crisis response activities within municipalities in the WB&G. The AF introduced a new component 'Component 6: Emergency COVID-19 Municipal Response' and expanded the scope of Component 2 to include support to municipalities to strengthen their resilience. The project was also restructured to revise the RF to add new indicators related to newly added activities and extend the project closing date. The AF for COVID-19 Response was complemented by parallel financing in the amount of EUR 23.5 million from KfW and AFD.

- **Component 1: Municipal Performance and Service Delivery finances municipal infrastructure for improved service delivery** through a combination of (a) block grants to provide basic funding for eligible municipalities for infrastructure development based on needs and equity and (b) performance grants to provide an incentive for eligible municipalities to improve their performance.
- **Component 2: Capacity Development to Municipalities and Palestinian Institutions** provides capacity development support to municipalities and apex-level institutions: the MDLF and MoLG.
- **Component 3: Municipal Partnership Projects** provides TA and project financing to municipalities to (a) engage more effectively with the private sector and (b) work across administrative boundaries to develop joint and/or innovative investments for municipal service delivery and local economic development (LED). Only the TA portion under Sub-component A will be financed by the TFGWB.
- **Component 4: Project Implementation Support and Management Costs** finances project management.
- **Component 5: Emergency Labor-intensive Gaza Municipal Services (financed exclusively by the TFGWB in the amount of US$10 million)** *finances costs associated with the scale-up of the project's support to Gaza municipalities, to enable them to expand local services provision through labor-intensive O&M and municipal infrastructure development activities.*
- **Component 6: Emergency COVID-19 Municipal Response** finances the costs associated with scaling-up of project activities to support the emergency municipal response to COVID-19, through (a) provision of emergency LIPW schemes; (b) financing of recurrent costs of municipalities, to keep essential services running where municipal revenues have declined dramatically; and (c) TA to enhance preparedness of municipalities to respond to disasters and shocks and strengthen resilience at the local level.
- **Contingent Emergency Response Component,** with zero cost, to provide immediate response to an eligible crisis or emergency, as needed.

The project is co-financed through the PID MDTF, including parallel financing from the governments of Denmark. France (through AFD), Germany (through the German Agency for International Cooperation - *Deutsche Gesellschaft für Internationale Zusammenarbeit* [GIZ] and KfW), Switzerland (through Swiss Agency for Development and Cooperation [SDC]), and the Netherlands (through the International Cooperation Agency of the Association of Netherlands Municipalities [VNG]). The EU and AFD provided additional support to expand MDP-3 activities in the second cycle of the project in the amounts of EUR 10 million and EUR 4 million, respectively. The PA will also provide counterpart funding of no less than 10 percent of the total amount committed by DPs.

Opportunity

The project remains highly relevant to the current development priorities of the PA. MDP-3 operationalizes the Palestinian NPA 2017–2022, particularly on government reforms to improve the quality of public services (Pillar 3). Under this pillar, the PA aims for an effective and citizen-centered government by formulating policies to develop responsive LGs, improve services to citizens, strengthen accountability and transparency, and optimize the utilization of available resources. The project also supports the long-term strategy of the PA to consolidate and strengthen service delivery, as reflected in the LG Sector Strategy of the MoLG (2017–2022).

PID MDTF in Action

A second AF for MDP-3 was approved on March 5, 2021, in the amount of US$15 million from the TFGWB and co-financed in the amount of US$10 million from the PID MDTF to scale up the impact of MDP-3 and support sustaining municipal service provision, creating job opportunities for vulnerable households, and enhancing preparedness of municipalities to respond to disasters and shocks, including health crises similar to COVID-19. The AF supports the delivery of urgent COVID-19 crisis response activities within municipalities in the WB&G. The AF augments the project's funding to carry out LIPW schemes that will enable municipalities to sustain a minimum level of services and provide employment and support for lost income. The AF provides additional grants to help municipalities with recurring expenditures and finance the temporary LIPW O&M and investment projects. Enhancements to the project brought about by the AF will further strengthen integration of gender and inclusion in municipal infrastructure and service provision. The AF's focus on creating employment opportunities encourages the identification and implementation of project activities that will allow the participation of women and workers from vulnerable groups. Strengthening resilience will help ensure better preparedness by both national disaster risk management agencies and municipalities to handle future shocks, either health crises or natural and man-made disasters.

Key Achievements

- GAs of the AF for COVID-19 Response under MDP-3 were signed on April 1, 2012.
- AF for COVID-19 Response under MDP-3 was declared effective on April 26, 2021.
- Implementation of project activities, including activities financed through the AF for COVID-19 Response, is currently under way.

Moving Forward

A virtual implementation support mission was carried out jointly by the World Bank and DPs in October 2021. The objectives of the mission were to review (a) the IP of project activities, especially in light of the COVID-19 pandemic and the recent conflict in Gaza (May 2021) and (b) progress toward achieving the PDO.

Additional Information

To access all project information, including PADs, ICRs, and ISRs, refer to the following link: http://projects.worldbank.org/P159258/?lang=en&tab=overview.

Rehabilitation Construction of Public Garden in Jama'en.

GSWMP – Gaza Solid Waste Management Project (P121648)
Duration: 8 years **Board Approval Date:** March 31, 2014 **AF Approval Date:** August 28, 2020 **Revised Project Closing Date:** June 30, 2022 **Total Grant Financing:** US$13.25 million **PID MDTF Grant Amount:** US$1.25 million[a] **Approval:** August 28, 2020 **TFGWB Grant Amount:** US$10 million **Approval:** March 5, 2014 **GPRBA Grant Amount:** US$2 million **Approval:** August 28, 2020 **Status:** Active
Objective: To improve solid waste management services in the Gaza Strip.

Note: a. Including US$0.75 million PID MDTF fund originally committed for the closure of the two dumpsites under GSWMP, and an additional US$0.5 million approved in August of 2020 for incremental and COVID-related costs.

Key Project Ratings

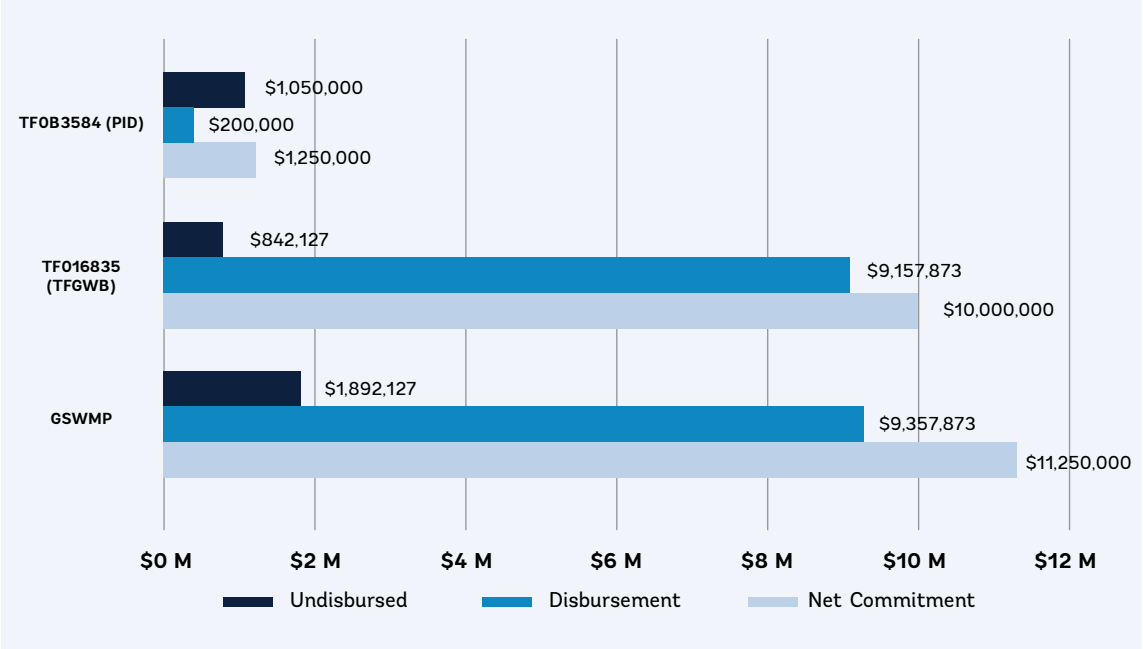
	Previous Rating	Current Rating
Management Ratings		
Progress toward achievement of PDO	Satisfactory	Satisfactory
Overall Implementation Progress (IP)	Satisfactory	Satisfactory
Financial Management	Satisfactory	Satisfactory
Project Management	Satisfactory	Satisfactory
Counterpart Funding	Moderately Satisfactory	Satisfactory[a]
Procurement	Satisfactory	Satisfactory
Monitoring and Evaluation	Moderately Satisfactory	Moderately Satisfactory
Specific Project Ratings		
Component 1: Solid Waste Transfer and Disposal Facilities (Cost US$23.0 million)	Satisfactory	Satisfactory
Component 2: Institutional Strengthening (Cost US$1.4 million)	Satisfactory	Satisfactory

Component 3: Primary Collection and Resource Recovery (Cost US$2.2 million)	Moderately Satisfactory	Satisfactory[b]
Component 4: Project Management (Cost US$5.1 million)	Satisfactory	Satisfactory

Note: a. Counterpart funding rating has been adjusted from Moderately Satisfactory to Satisfactory. During project appraisal, a US$2.1 million ceiling was estimated (before land valuation) to be paid out from counterpart funding, with the objective of directing these funds toward securing land for a new landfill, in line with World Bank Safeguards policy requirements. As per the approved and disclosed Abbreviated Resettlement Action Plan, the compensation activities were finalized and paid out (in cash and land swap) for the amount of US$1.95 million. With this, the activity has been satisfactorily and successfully completed, the Abbreviated Resettlement Action Plan objectives has been fulfilled, and hence the rating of Moderately Satisfactory is upgraded to Satisfactory in the current reporting period.

b. The rating for Component 3 has been revised from Moderately Satisfactory to Satisfactory. The component funded a study on waste recovery, which was completed and delivered. The study included (a) assessments of existing resource recovery schemes and existing resource recovery of both public and private sector enterprises and (b) an assessment of the current market supply and demand as well as the projected demand over the ensuing 10 years for each type of recyclable waste material. It also measures their financial viability and recommends a program of activities to promote viable resource recovery (recyclable materials and compost) in public and private sector partnership with the cooperation of the beneficiary community. The allocated funds are fully disbursed. As a result, the rating for the component is being upgraded.

Figure 13: GSWMP Disbursement Ratio (US$, millions) as of June 30, 2021



Background

GSWMP is a comprehensive strategic infrastructure and capacity-building project, covering three of the five governorates in the Gaza Strip, comprising approximately 64 percent of Gaza's total geographic area and 46 percent of Gaza's total population (approximately 948,000 people).

The three governorates served by the JSC are Khan Younis, Rafah, and Middle Area (JSC-KRM).

GSWMP aims at improving SWM services in the Gaza Strip through the provision of environmental and socially sound—as well as efficient—waste disposal schemes. This is accomplished through a combination of (a) strategic infrastructure investments—including construction of a new landfill, two transfer stations, equipment, access road, closure of the existing dumpsite; (b) institutional strengthening and capacity building; and (c) skills and waste information system development.

Opportunity

Rehabilitation of dumpsites: Before the GSWMP intervention, the proliferation of random dumpsites was one of the main problems in southern Gaza, posing significant public and environmental health threats for the local population. The project, partly through PID MDTF funding, constructed the sanitary landfill at Sofa Al Fukari (southern Gaza), in addition to the elimination/rehabilitation of 10 contaminated and random dumping sites in the project area. The PID MDTF is also fully sponsoring the closure of the Deir Al Balah dumpsite—one of the two largest dumpsites in southern Gaza,[36] currently under implementation. Through project cost savings realized during implementation, the project has further opportunity to rehabilitate more dumpsites near the project area and to enhance the infrastructure surrounding the rehabilitated or closed dumpsite, such as by installing gas flaring units and street lighting. Due to the prolific number of dumpsites, more effort and investment will be needed to ensure citizens and municipalities do not resort to random dumping of waste, as this is often a cheaper, closer option than carrying waste to the sanitary landfill.

Middle Area Transfer Station: Through GSWMP, two transfer stations were constructed and rehabilitated in Rafah and Khan Younis municipalities. While the original project design was to construct three transfer stations to strategically cover the three governorates, construction for the Middle Area transfer station was later removed from the project due to financing shortages experienced by the project at the time. The JSC has acquired the necessary land for construction of the Middle Area transfer station and a detailed feasibility study has been carried out to determine the financial and operational feasibility of the selected site (distance from landfill and volume of waste expected, and so on). Future investment opportunities should reconsider undertaking the construction of this transfer station, given the financial and operational feasibility of having it at the selected location. The reincorporation of this transfer station would improve overall dumpsite management, as a transfer station in the selected location—as the feasibility study has demonstrated—significantly reduces transportation costs for municipalities (in turn reducing SWM fees on localities) and achieves economies of scale by using the transfer station for the storage of waste.

TA for Strengthening Financial Management Capacity: The project, through PID MDTF funding, is providing TA support to JSC-KRM and 17 participating municipalities in southern Gaza with the aim of strengthening their FM capacity and creating longer-term financial sustainability of the SWM systems and facilities established under GSWMP. The project has used the opportunity of the upgraded SWM system and infrastructure to reinforce JSC's operational and FM capacity. This includes the creation of a collective waste management information system—an operational/administrative IT platform for managing JSC's day-to-day SWM operations—with collaboration and funding from Japan's *Quality Infrastructure Investment (QII) Partnership funds*.

36 The Sofa dumpsite closure is being funded through AFD.

PID MDTF in Action

Since the operationalization of the Sofa landfill in August 2019, over 96 percent of waste generated in the three governorates is being disposed of at the landfill. This has greatly reduced the proliferation of dumpsites and illegal waste dumping/burning and resulted in significant improvements in the health, environment, and esthetic appearance for over 948,000 beneficiaries in the project area. The ancillary facilities supported under GSWMP that included landfill access road, waste transfer station, and medical waste treatment centers have also improved JSC-KRM's service delivery and the overall SWM systems, sanitary facilities, and infrastructures built under the project. The operations of this modernized/upgraded infrastructure are also being supported by providing critical support to JSC staff through the development of SOPs and protocols for each solid waste service domain. In addition, targeted trainings are provided to JSC staff on the day-to-day landfill and transfer station service delivery management, facility operation, and administrative management.

Key Achievements

The most important results of the project to date include the following:

- Over 600 tons per day of waste is being disposed of at the sanitary landfill. This constitutes about 94 percent of waste generated in the three governorates.
- The project has managed to close 10 dumpsites in the project targeted areas, mitigating contamination of land and significantly improving public and environmental health for the beneficiary population in targeted areas.
- The project is providing COVID-19 mitigation support to the JSC operation primarily through the PID MDTF additional funding approved in September 2020; this has enabled the JSC to carry out additional secondary collection/routes at the height of the pandemic and serve the collection and disposal of solid waste from the quarantine centers, as well as provide PPE and safety trainings for the staff on proper waste collection procedures from quarantine centers.
- The project has introduced internationally accepted SOPs and protocols for the Sofa landfill, transfer station at Rafah, and medical waste management sorting facility at Khan Younis transfer station. The newly developed SOPs have been under implementation since July 2020 and have been formally adopted/endorsed by the JSC committee in September 2020.
- The Rafah transfer station constructed under the project has been handling transfer of waste since it become operational in late 2019, resulting in improved living conditions and cleanliness around the transfer station and surrounding sites, benefiting the local population.
- The medical waste treatment facility at Khan Younis managed by the JSC is currently operating the upgraded medical waste treatment facility, with an enhanced treatment capacity and cost-effective (low cost) use of microwave-based technology for treating infectious waste.
- The project has provided alternative livelihood support to 16 waste-pickers through job retraining and placement.
- While fee collection is being affected by the outbreak of COVID-19 and the recent conflict in Gaza, the annual bill collection of the JSC has nevertheless experienced a modest rebound such that the current fee collection rate from participating municipalities has successfully

reached the targeted rate of 60 percent coverage.

- A results-based payment scheme has been established, and the independent verification agency has produced two semiannual assessments—based on which, the JSC has received payments for achieving agreed results on landfill and leachate management, cleanliness in transfer stations, container and fleet management, separate at source, and cost recovery. These results-based payments have served as incentives for the JSC to improve its performance.

Moving Forward

The project is scheduled to close on June 30, 2022. The tight implementation time frame that remains for project completion will need to be kept in mind going forward, particularly as regards two still incomplete activities: dumpsite closure and leachate treatment system installation at the landfill. Specific priorities during this closing period should include the following:

- Ensure closer contract supervision and coordination support from donor partners and COGAT for material import and necessary security clearances for site access in the implementation of dumpsite closure plans.
- Install physical leachate treatment infrastructure at the landfill, ensuring adherence to agreed pretreatment standards for disposal at the WWTP.
- Monitor implementation of SOPs for the various JSC-KRM service functions and processes through the independent verification agent, ensuring that results-based indicators/KPIs are fully achieved for eligibility of results-based payments.
- Strengthen the FM systems of JSC-KRM and participating municipalities, through targeted TA aimed at improving JSC-KRM's fee collection rate and capacity (which, in turn, is aimed at ensuring the operational and financial sustainability of the SWM system in the medium to longer term).
- Strengthen JSC-KRM's communication and outreach programs, with a focus on revamping the GRM system, ensuring inclusion and increased participation of women in solid waste service provisions, and raising citizen awareness and engagement with regard to the project activities.

Supply of Solid Waste Collection and Transfer Trucks, and Solid Waste Service Equipment

Joint Service Council for Solid Waste Management - Nablus Governorate

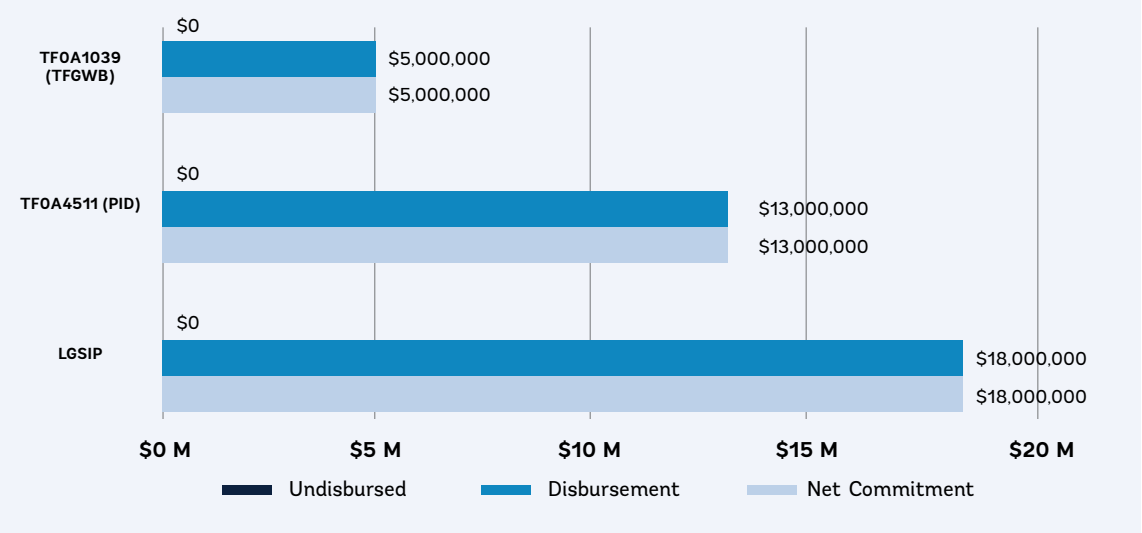
LGSIP – Local Governance and Services Improvement Program (P148896)
Duration: 6 years **Board Approval Date:** November 2, 2015 **Project Closing Date:** December 31, 2021 **Total Grant Financing:** US$18 million **PID MDTF Grant Amount:** US$13 million **Approval:** March 13, 2017 **TFGWB Grant Amount:** US$5 million **Approval:** September 2, 2015 **Status:** Active
Objective: To strengthen the local government financing system and improve local service delivery in program villages.

Key Project Ratings

	Previous Rating	Current Rating
Management Ratings		
Progress toward achievement of PDO	Satisfactory	Satisfactory
Overall Implementation Progress (IP)	Satisfactory	Moderately Satisfactory[a]
Technical	Satisfactory	Satisfactory
Fiduciary Systems	Satisfactory	Satisfactory
Environmental and Social Systems	Moderately Satisfactory	Moderately Satisfactory
Disbursement Linked Indicators (DLIs)	Satisfactory	Satisfactory
Monitoring and Evaluation	Satisfactory	Satisfactory

Note: a. The IP rating is downgraded to Moderately Satisfactory due to the delayed implementation of agreed actions during the November 2020 mission. The MoLG then committed to completing all the subprojects by end of March 2021 to allow sufficient time to pay contractors and verify the expenditures under the Program. However, 19 VCs still have ongoing subprojects and there is a large backlog of undisbursed expenditures to VCs. The completion of joint projects has extended to December 31, 2021. Moreover, the PA has not fully released its contribution to the Program, causing delays in processing payment to VCs.

Figure 14: LGSIP Disbursement Ratio (US$, millions) as of June 30, 2021



Background

Strengthening LGUs and enabling them to perform as fully functional LGs that are accountable to citizens are key priorities for the PA. However, for several years, LG sector support was provided principally through the channeling of development funds into service delivery infrastructure without giving much attention to the sustainability of LGU management, financing, and performance. The PA, however, has been striving to shift to a greater focus on accountable and responsive local infrastructure service delivery. LGSIP responds to this expanded vision of the PA by piloting a transparent and predictable financing mechanism to fund minimum LGU functions and capacity development at the lowest of LGU tiers, the VCs. Embedded in LGSIP is also the notion of incentivizing the consolidation of service delivery by building the capacity of JSCs to provide joint services on behalf of VCs.

LGSIP uses a Program-for-Results (PforR) financing instrument.[37] It finances activities under the following three subprograms: (a) Delivery of Local Services by VCs, (b) Infrastructure Service Delivery through Joint Projects, and (c) Capacity Support for strengthening Local Governance Institutions. KfW, the Belgian Technical Cooperation, SDC, and GIZ provide parallel financing across these three subprograms. LGSIP also supports the government's program for delivery of local services in Area C communities, through parallel financing from the SDC, Denmark Representative Office, AFD, EU, and UK as well as the PA. The PforR segment is co-financed from the World Bank's TFGWB with a grant amount of US$5 million and from the PID MDTF in the amount of US$13 million. The program was restructured in January 2020 to adjust the RF. The changes introduced were necessary to reflect the program's capacity to achieve its objectives. A second restructuring of the Program was completed in August 2020 to extend the closing date by one year to allow sufficient time to complete all Program activities.

Opportunity

As the closing of LGSIP is scheduled for FY22, the MoLG reiterated its request for the World Bank to sustain its support to VCs after the completion of LGSIP. The MoLG will initiate a review of the Program and distill lessons that can inform the design, scope, and objectives of a potential

37 PforR is one of the World Bank's financing instruments, which has unique features including using a country's own institutions and processes and linking disbursement of funds directly to the achievement of specific program results.

follow-up program for possible funding from DPs. A well-defined national VC program by the PA that clearly articulates the general strategy for development at the VC level and the required financing (including PA own budget) can serve as a good basis for mobilizing donor support.

PID MDTF in Action

Two Program Implementation Support Missions for LGSIP were carried out jointly by the World Bank and DPs in November 2020 and April 2021. The objectives of the missions were to (a) assess IP and completion of Program activities supported under LGSIP and (b) review results monitoring arrangements and progress toward achieving the PDO and associated DLIs.

As part of the COVID-19 response, LGSIP offered flexibility to eligible VCs to use part of their ACIG allocation for 2019/20 to cover urgent expenses to combat the spread of COVID-19, provided the VC consults with the local community and reflects the emerging need in its community plan.

Key Achievements

- The Program has achieved all its DLIs.
- The Program has fully disbursed the Program Grants.
- The Program continues to be on track to achieve its PDO.
- A total of10 VCs submitted proposals worth US$60,488 that were approved by the Program Committee in 2020 to cover sanitation and public hygiene costs of the villages needed to combat the spread of the COVID-19 virus.

Moving Forward

A virtual implementation support mission was carried out jointly by the World Bank and DPs in September 2021. The objective of the mission was to assess completion of Program activities before Program closing on December 31, 2021, and initiate discussion on the preparation of the ICR.

Additional Information

To access all project information, including PADs, ICRs, and ISRs, refer to the following link: http://projects.worldbank.org/P148896?lang=en.

Construction of Dura Maintenance & Operations Building

RERP – Real Estate Registration Project (P168576)
Duration: 4 years **Board Approval Date:** July 22, 2019 **Project Closing Date:** November 30, 2023 **Total Grant Financing:** US$12.6 million **PID MDTF Grant Amount:** US$3 million **Approval:** May 14, 2019 **TFGWB Grant Amount:** US$5 million **Approval:** May 13, 2019 **GPRBA Grant Amount:** US$4.6 million **Approval:** May 14, 2019 **Status:** Active
Objective: To enhance tenure security and improve real estate registration services.

Key Project Ratings

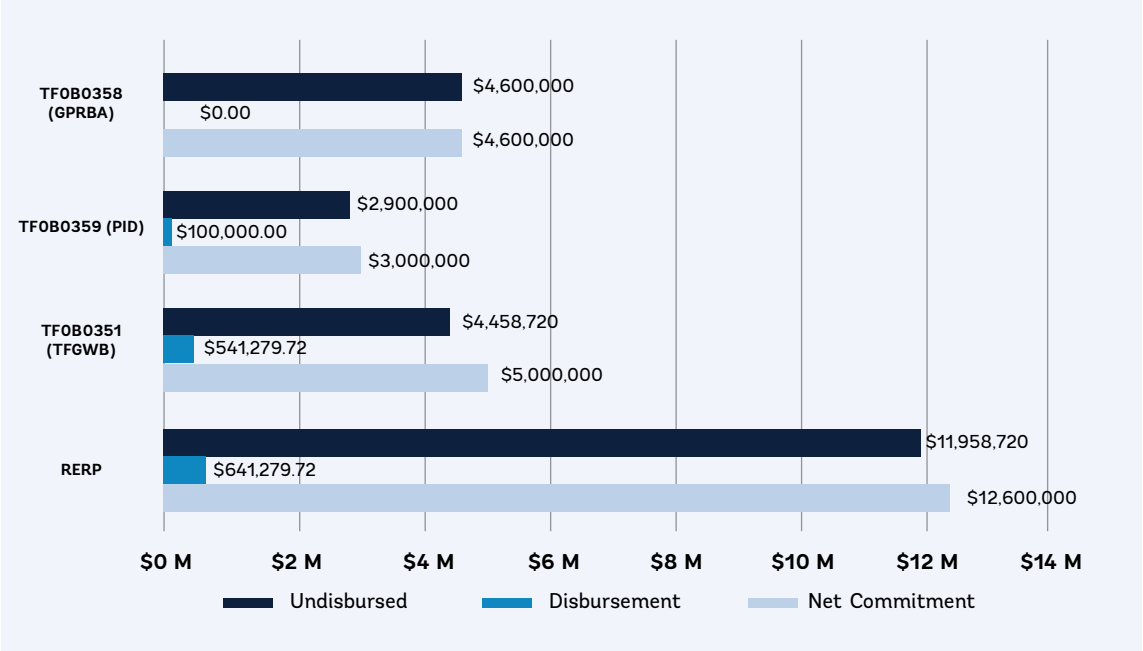
	Previous Rating	Current Rating
Management Ratings		
Progress toward achievement of PDO	Satisfactory	Moderately Satisfactory
Overall Implementation Progress (IP)	Satisfactory	Moderately Satisfactory
Financial Management	Moderately Satisfactory	Moderately Unsatisfactory[a]
Project Management	Satisfactory	Moderately Satisfactory[b]
Procurement	Satisfactory	Satisfactory
Monitoring and Evaluation	Satisfactory	Satisfactory
Specific Project Ratings[c]		
Systematic Land and Property Registration (Cost US$7.80 million)	Satisfactory	Moderately Satisfactory
Institutional Modernization of the PLA (Cost US$4.00 million)	Satisfactory	Moderately Satisfactory
Project Management and Outreach (Cost US$0.80 million)	Satisfactory	Moderately Satisfactory

Note: a. The FM risk rating remains Substantial, and the FM rating is downgraded to Moderately Unsatisfactory due to (a) staffing issues caused by the departure of the previous FM specialist and the protracted time it took to recruit a new one and (b) overdue interim financial reports for year-end 2020 that have still not been submitted.

b. The project management rating has been downgraded to Moderately Satisfactory due to (a) low disbursements, (b) some delays in project implementation, and (c) vacancies in the PIU that were only recently filled.

c. All key project ratings have been downgraded to Moderately Satisfactory to reflect the overall delays caused by office closures and restrictions related to the ongoing pandemic, challenges in identifying eligible properties for DLI disbursement and retroactive financing for 2019–2020, and delays in FM reporting. These delays are not significant, and, overall, the project remains on track to reach the development objectives, but this will be reconfirmed once the strategy for first registration of eligible land and properties is prepared and presented by the LWSC. The team is also actively supporting the PLA and LWSC to complete activity ToRs and technical specifications to hasten procurement and contract signing.

Figure 15: RERP Disbursement Ratio (US$, millions) as of June 30, 2021



Background

The percentage of surveyed and registered land in the West Bank under previous registration efforts was low. In 2005, with financing from the World Bank and Government of Finland, the First Land Administration Project (LAP I) was launched to modernize land administration services. LAP I developed procedures for the issuance of land titles, piloted SLR, and modernized land service offices. The follow-up LAP II was launched in 2012 to scale up the systematic registration process. However, the project failed to make progress toward its objectives and was canceled in 2016.

In response to the cancellation of LAP II, the PA renewed its commitment to the land sector and endorsed a new reform program proposed by the PMO—the 'Road Map for Reforming the Palestinian Land Sector'. The road map outlines a comprehensive multiphase, multi-stakeholder approach that includes specific policy, legal, and institutional reforms needed in the short to long term. The PA also proceeded with institutional restructuring: (a) establishing a new agency, the LWSC, to accelerate progress in first-time SLR and (b) appointing new leadership for the PLA.

SLR has progressed under the LWSC. The LWSC has built upon lessons learned and recommendations from LAP I and II, including partnering with LGUs to improve SLR efficiency and governance. To date, 38 percent of land in the West Bank is registered, with a significant portion of unregistered properties remaining in the urban economic centers. Under its new leadership, the PLA has completed internal restructuring and made further efforts to continue with reforms in line with the approved road map.

The World Bank, along with other DPs, responded to continued requests from the PA to reengage in the sector after the cancellation of LAP II and has provided TA for implementation of the proposed road map, through the ongoing PID MDTF-financed Land Sector ASA. Given the advances of the PA with this TA, and its demonstration of commitment to sector reform and SLR, it was agreed that a new operation in support of the land sector would be prepared.

Total financing for the four-year RERP is US$12.6 million: financed by the TFGWB in the amount of US$5 million, with co-financing from the World Bank TF GPRBA for US$4.6 million and US$3 million from the PID MDTF. The PDO is to enhance tenure security and improve real estate registration services. This objective will be achieved through advancing the registration of properties in Areas A and B of the West Bank and extending the legal and economic benefits of tenure security to an even broader number of citizens, businesses (including MSMEs), and public entities in the WB&G. Additionally, gender outreach and inclusion have been mainstreamed through the design of the project to ensure that the rights of women and vulnerable groups are protected through (a) their participation in the SLR process and (b) the promotion of their registration rights.

The project components are as follows:

- Component 1: Systematic Land and Property Registration will support the PLA and LWSC with their strategic plan to complete SLR over a four-year period through a results-based payments approach and will include support for the enhancement of institutional functions and capacity at the LWSC. Under this component, a GAP will be developed and implemented.
- Component 2: Institutional Modernization of the PLA will be implemented by the PLA and will aim to build the agency's technical capacity and support its transformation into a modern, service-oriented organization that provides e-services to the government, businesses, and citizens. Business process reengineering and automation will streamline the PLA service provision, achieve digital transformation, increase service quality and transparency, and improve service delivery. The component will also support the development of mass valuation models.
- Component 3: Project Management and Outreach will support the project management functions in the PLA and LWSC, including M&E, project coordination, social safeguards, and procurement. The external project audit, the SIA, SMP, and midterm and final project evaluations will be conducted under this component.

Opportunity

Increased numbers of registered properties in the West Bank's Areas A and B will provide further sources of financing for local and national governments through updated records for the collection of property taxes. The availability of registered titles is expected to contribute to increased economic activity due to clear establishment of property ownership as well as access to finance through collateral. At the LG level, urban development and planning practices will improve through updated land records and cadastral maps. The automation and modernization

of the PLA and the accompanying capacity development for the agency should lead to a reduction in the time required for property transactions, including sales and mortgages, which in turn should contribute to an annual productivity increase for the agency. Overall, RERP is expected to contribute to addressing existing land market weaknesses, advance development of the mortgage market, and create space for increased private sector activity.

PID MDTF in Action

The limitations and movement restrictions caused by the COVID-19 pandemic have affected the speed at which planned consultancies, works, and settlement activities can move forward and be mobilized for all components. To mitigate pandemic impacts on registration, SLR activities were adjusted to focus on areas with lower rates of COVID-19 infections in the West Bank. Fulfillment of the legal covenants, despite delays in their fulfillment due to protracted government closures, is also nearing completion: the project Steering Committee is now fully operational, a final draft of the SIA is complete, and an advanced draft of the SMP is nearly complete, subject to revisions by the LWSC and the PLA. To mitigate COVID-19 pandemic impacts on project implementation, the task team is actively working with the PLA and LWSC to find alternative methods to deliver activities where possible. However, the timeline of the project will be reassessed at the MTR of the project in November 2021. The ratings have been downgraded from Satisfactory to Moderately Satisfactory to reflect the overall delays since the project effectiveness.

Key Achievements

- The SIA for the project was completed and an advanced draft of the SMP is nearing completion.
- The inter-ministerial Steering Committee for RERP is now operational with fully defined ToR. It held its first meeting on February 16, 2021.
- ToRs have been completed for the following activities:
    - Development of (a) Valuation Standards and Methodologies for Mass and Single Real Property Valuation and (b) Regulations for the Valuation Profession
    - Collection of data for a pilot project plus analysis and modeling
    - Technical review of the PLA's existing information systems and the preparation of its Digital Transformation Strategy
    - A Citizen Satisfaction Baseline Survey for Property Registration and Transaction Services
    - Development of the Palestinian National Geodetic Reference Framework.
- LWSC is finishing procurement for the development of a PMIS and a Workflow Management System, with the contract expected to be signed with the selected firm in August 2021.
- The PIU is fully staffed at both the PLA and LWSC, an essential condition for strengthening the capacity of both agencies.
- The development of the GAP has been launched; the inception report and desk review of the existing legal framework and practices have been produced. Fieldwork is expected to start in September 2021.

- Gender units have been established at the PLA and LWSC to support project gender activities, including trainings and gender awareness workshops.
- The Capacity Building and Training Plan for Year 1 of the project, which is based on a needs assessment for both institutions, is nearing finalization.
- An independent verification agency to review submitted parcels for verification and reimbursement has been hired under the project.

Moving Forward

During the next reporting period, the task team plans to advance implementation of the activities described in the key results above. All legal covenants will be fulfilled with the completion of the SMP. The GAP is expected to be completed and the team will determine, in consultation with the LWSC and PLA, what specific activities will be implemented with support from RERP. Procurement is also expected to be completed for the finished ToRs, along with the launch of the related activities. The development of the PMIS and Workflow Management System for the LWSC will commence in the next period as well. The Mid-Term Review mission, scheduled for December 2021, will look into the reasons behind the low disbursement and consider whether to restructure the project to accelerate its implementation.

Additional Information

To access all project information, including PADs, ICRs, and ISRs, refer to the following link: https://projects.worldbank.org/en/projects-operations/project-detail/P168576.

Signing of MoU for Valuation Pilot PLA-Dura Municipality

5.3. Energy Sector

5.3.1. Sector Context

Achieving electricity sector cohesion continues to present a unique challenge as the Palestinian and Israeli electricity sectors are deeply intertwined. Imports from Israel account for more than 90 percent of electricity supply in the West Bank and over half in Gaza. IEC provides the electricity supply through nearly 200 LV and MV interconnection points. These points provide electricity through the DISCOs and LGUs and each connection point is billed directly to the relevant DISCO or LGU. To streamline and manage power purchase from IEC, four HV substations were constructed across the West Bank. The first substation was energized in 2017 with the signing of an interim power purchase arrangement; the remaining three substations were energized in the beginning of 2021. This will enable a reduction in power shortages, with fewer incidences of load shedding and improved quality of available supply. It is also a major step toward strengthening the role of PETL as a single buyer, accelerating the pace of consolidation and streamlining of the sector. The capacity of PETL, in the meantime, continues to be strengthened to ensure proper operation of the substations.

Electricity supply and revenue collection in Gaza pose a more complex set of challenges. In Gaza, the available power supply is limited to 6 to 12 hours a day, depending on electricity imports from Israel and operation of the GPP. Since 2018, Qatar-financed fuel supply has temporarily increased power supply to 12–14 hours per day. For a few weeks in August 2020, the fuel supply was fully halted, resulting in massive power cuts, which highlighted the vulnerability of critical infrastructure, such as wastewater treatment. This vulnerability was further reinforced by the recent conflicts in May 2021, which resulted in high level of damages to the distribution infrastructure in Gaza, further exacerbating the energy situation. To cope with the limited and unreliable supply, general customers with financial means purchase high-cost electricity (up to US$1 per kWh) from neighborhood diesel generators. In addition, affluent customers have also adopted rooftop solar PV systems. However, while an increase in share of renewable energy is a generally welcome development, it comes with the consequence of continued erosion of GEDCO's customer base, creating an additional barrier to financial recovery. The recently prepared electricity master plan for Gaza proposes the introduction of HV (transmission) infrastructure, augmentation of the distribution network, and building of new gas- and solar-based generation facilities. This requires significant improvement in GEDCO's ability and willingness to pay for energy purchases and concurrent strengthening of GEDCO's managerial and technical capacity.

Even as the West Bank DISCOs have seen revenue collection from general customers increase to nearly 90 percent, clearance revenue deductions (net lending) in the electricity sector continue to be a financial concern. The urban areas served by DISCOs receiving supply from PETL report improved power quality and nearly 100 percent repayment. Recent decrees and regulations have strengthened the ability of DISCOs/LGUs to impose penalties on nonpaying general consumers. Across the WB&G, revenue collection from general consumers (residential, commercial, and industrial) is 80–90 percent. However, DISCOs/LGUs are unable to enforce nonpayment-related penalties on certain types of consumers—such as public institutions, social assistance cases, and residents of refugee camps—or to penalize theft cases in areas with restricted access. The payment shortfall is further exacerbated by the lack of uniformity in the application of cost recovery fees and the lack of transfer of subsidies. Improved revenue collection is only effective when it translates into timely and full payment to suppliers. As of

December 2020, these issues were contributing to financial deficits of more than US$200 million per year due to clearance revenue deductions (net lending) to cover for nonpayment to IEC. The recent efforts at debt management and streamlining repayment have created a unique opportunity for the sector to improve sector finances by reducing legacy debt and proactively lessening the accrual of new debt.

Imports of electricity could provide a unique and mutually beneficial opportunity in the subregion while enabling diversification of sources. PENRA's vision for the longer term is to balance imports from Israel, Jordan, and Egypt and domestic generation such that no single source accounts for more than 50 percent of the electricity demand. As the electricity system in the WB&G is highly integrated with the Israeli electricity system, the addition of new generation or expanded imports requires close coordination with IEC, and in many instances, the approval of Israeli authorities. Imports from IEC could change in line with the ongoing transformation in the Israeli electricity sector toward privatization and open access. According to the Israeli regulator's projections, IEC's role will grow as a transmission system operator with its share of generation capacity expected to reduce from 79 percent in 2018 (13.3 GW) to 44 percent (8.6 GW) in 2025. The switch to natural gas and renewable energy sources is also changing the electricity generation mix in Israel. Increase in imports from Jordan and Egypt remains technically viable as both are facing potential excess capacity. Egyptian imports are constrained due to political challenges and the security situation. Imports from Jordan are feasible but require extensive cooperation with Israel in the Jordan Valley. There are many emerging opportunities. New market structures, fuel sources, and technologies such as energy storage, if supported by appropriate commercial arrangements and political willingness, could strengthen long-term sustainability of the energy sector for all.

Enabling private sector participation in the energy sector has a central role in achieving diversification and requires extensive technical planning and coordination. Domestic electricity generation in the WB&G can come from renewable energy and natural gas. As discussed earlier, recent increase in cost-effective natural gas supply creates an attractive opportunity for the existing IPP in Gaza and proposed IPPs in the West Bank. However, as these IPPs are large-scale investments, they face multiple barriers related to sector creditworthiness, expensive gas infrastructure, and evacuation of the power produced, requiring a sustained effort to address them. On a smaller scale, solar PV systems have attracted a high level of interest from the private sector, both as dedicated supply for household, public facilities (health, education, water and wastewater), commercial, and industrial customers and as utility-scale systems. The current installed capacity is estimated to be over 20 MW in Gaza and over 50 MW in the West Bank, with additional total capacity of 150 MW in the pipeline. A majority of these projects are below 5 MW and being developed by local companies. Currently, all utility-scale solar PV projects are direct proposals and IFC is currently advising PENRA in its first competitive process. With improved technical coordination, the Israeli and Palestinian grids could capitalize on the abundant renewable energy resource.

5.3.2. Sector Risks

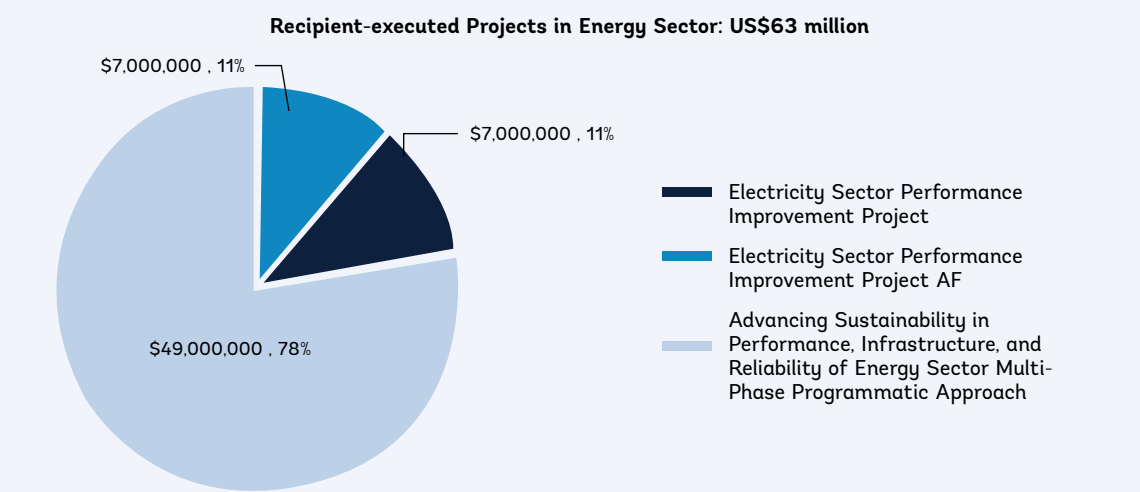
Risk Category	Mitigation Measures
Political and governance	
• Internal tension between the WB&G stakeholders is assumed to continue, with possible implications for PENRA to operate in Gaza. • Political instability and the long-lasting Israeli restrictions on movement, access, and trade continue to be significant impediments to project implementation in the WB&G, particularly in Gaza.	• PENRA Gaza remains the principal interlocutor between the World Bank and GEDCO. • GEDCO is being engaged in critical sector dialogue through PENRA. • The World Bank continues to identify partnerships with local partner NGOs, educational institutions, and others to provide additional implementation support to enhance effectiveness.
Sector strategies and policies	
• The poor track record of paying Israeli power import bills, if maintained, will result in continued accumulation of arrears. • Delays in achieving tangible results would hamper the reform process and the improvement in efficiency of the distribution system in targeted areas.	• The ESPIP and ASPIRE MPA projects are helping PENRA and PETL continue with institutional reform measures and improved alignment of financial flows across the sector, to enable PENRA and PETL to improve payment discipline and engage private power producers effectively. • Inclusive process across all DISCOs and PENRA is applied during the rollout of RPPs and performance improvement programs for sector stakeholders.
Institutional capacity building	
• Gaps in technical capacity at the PENRA PMU.	• The World Bank continues to discuss the staff sustainability plan to ensure ongoing improvement of technical and operational capacity of the PENRA PMU.
Fiduciary	
• Delays in procurement process of key packages. • Delays in contractual obligations due to COVID-19 impacts	• The World Bank continues to closely monitor the delays and work with the PMU to improve the efficiency of procurement. • Reinforce M&E for the contracts' implementation.
Environment and social	
• Potential negative impacts of constructing and operating rooftop solar PV panels and other equipment may include noise, dust, interruption of services, health and safety risks, and waste disposal. • Some activities of the PID MDTF co-financed ASPIRE MPA might need temporary or permanent land acquisition requiring involuntary resettlement. • Some external factors, such as movement restrictions, might increase the construction and operation risks in the context of the WB&G.	• The ESMP for the Gaza rooftop solar initiative in the ESPIP is included in the contract to minimize and mitigate environmental impacts. • For ASPIRE MPA, an Environmental and Social Management Framework and a Resettlement Framework have been prepared. These will be complemented with site-specific instruments. • The PENRA PMU has recruited a full-time qualified environmental and social officer as well as expert consultants to conduct sub-project screening and assessment of environmental and social risks.

Risk Category	Mitigation Measures
Stakeholders	
· The consolidation of DISCOs may change stakeholder relationships in a way that may make some of them resist the reforms.	· The sector engagement strategy aims at thoroughly engaging stakeholders and strengthening professional relationships among them.

More detailed analysis and policy recommendations in the energy sector are available in World Bank analytical works.

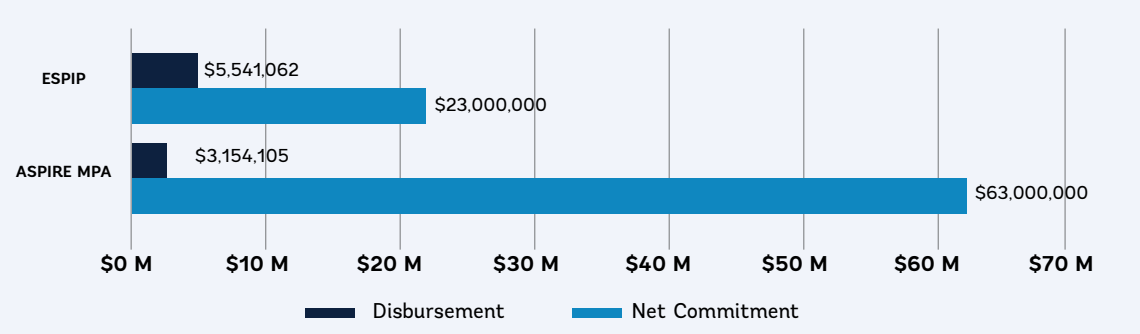
- Securing Energy for Development in West Bank and Gaza: http://documents.worldbank.org/curated/en/351061505722970487/pdf/119769-WP-P157348-v1-Securing-Energy-PUBLIC-ACS.pdf
- Securing Energy for Development in West Bank and Gaza - Annexes: http://documents.worldbank.org/curated/en/384001505723088507/pdf/119769-WP-P157348-v2-Annexes-Securing-Energy-PUBLIC-ACS.pdf

Figure 16: Energy Sector PID MDTF Funding Distribution as of June 30, 2021[a]



Note: a. Including all (active and pending) projects; the remaining funds that were in the Project Preparation Grant for the ESPIP (TF0A2807) have been transferred to the ESPIP (TF0A5078).

Figure 17: Energy Sector Disbursements in Active Projects as of June 30, 2021[a]



Note: a. Including all project financing sources, that is, not just the PID MDTF.

Table 16: Energy Sector - Key Project Ratings

	Previous Rating	Current Rating
ESPIP and its AF		
Progress toward achievement of PDO	Satisfactory	Satisfactory
Overall Implementation Progress (IP)	Moderately Satisfactory	Moderately Satisfactory
Financial Management	Satisfactory	Satisfactory
Project Management	Satisfactory	Satisfactory
Procurement	Moderately Satisfactory	Moderately Satisfactory
Monitoring and Evaluation	Satisfactory	Satisfactory
ASPIRE MPA		
Progress toward achievement of PDO	Satisfactory	Satisfactory
Overall Implementation Progress (IP)	Satisfactory	Satisfactory
Financial Management	Satisfactory	Satisfactory
Project Management	Satisfactory	Satisfactory
Procurement	Satisfactory	Satisfactory
Monitoring and Evaluation	Satisfactory	Satisfactory

5.3.3. Progress by Activities

ESPIP (P148600) and ESPIP AF (P167914) – Electricity Sector Performance Improvement Project
Duration: 6 years **Board Approval Date:** July 27, 2017 **Project Closing Date:** December 20, 2023 **Total Grant Financing:** US$23 million **PID MDTF Grant Amount:** US$7 million **Approval:** May 12, 2017 **PID MDTF AF Grant Amount:** US$7 million **Approval:** January 14, 2019 **TFGWB Grant Amount:** US$4 million **Approval:** May 10, 2017 **TFGWB AF Grant Amount:** US$5 million **Approval:** November 14, 2018 **Status:** Active
Objective: To enhance the energy sector's institutional capacity, improve efficiency of the electricity distribution system and pilot a new business model for solar energy service delivery in Gaza.

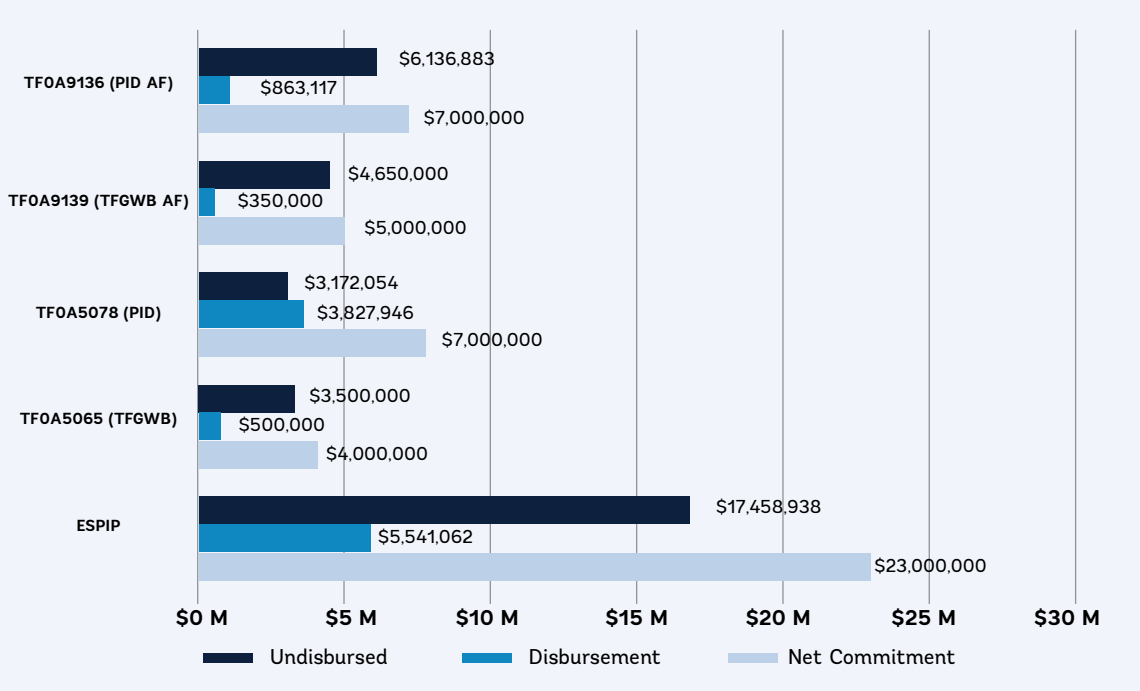
Key Project Ratings

	Previous Rating	Current Rating
Management Ratings		
Progress toward achievement of PDO	Satisfactory	Satisfactory
Overall Implementation Progress (IP)	Moderately Satisfactory	Moderately Satisfactory
Financial Management	Satisfactory	Satisfactory
Project Management	Satisfactory	Satisfactory
Procurement	Moderately Satisfactory	Moderately Satisfactory[a]
Monitoring and Evaluation	Satisfactory	Satisfactory
Specific Project Ratings		
Component 1: Strengthening the Capacity of Palestinian Electricity Sector Institutions, PETL, and PERC (Cost US$5.0 million)	Moderately Satisfactory	Moderately Satisfactory

Component 2: Improving the Operational Performance of Palestinian Electricity DISCOs (Cost US$13.2 million)	Moderately Satisfactory	Moderately Satisfactory
Component 3: Improving Energy Security in Gaza with Solar Energy (Cost US$3.1 million)	Moderately Satisfactory	Moderately Satisfactory
Component 4: Technical Assistance, Capacity Building, and Project Management (Cost US$1.7 million)	Satisfactory	Satisfactory

Note: a. Though the majority of procurement packages experienced delays particularly in evaluation of bids, the procurement performance continues to be steady. Procurement performance is retained Moderately Satisfactory. There may be case for upgrading the performance to Satisfactory once PENRA signs the three contracts (MIS, connection points, rooftop solar for clinics) and completion of supplies for smart meters. Total signed value of contracts under is approximately US$6.3 million, representing nearly 28 percent of the total project allocation (US$23 million). Largest value contract for MIS package for about US$8.2 million is expected to be signed by early July (notification of award already issued) after closing of five complaints with World Bank's clearance. Another two contracts (both post review) for PETL connection points (rebidding case) and PV system for health clinics are expected to be signed by end July. With this, total value of signed contracts will be over US$17 million (75% of total loan amount). The contract package for MIS for GEDCO will be dropped and moved to APSIRE. PENRA needs to closely monitor the supplies under smart meters package as delay in execution is affecting disbursements under the project. The procurement adviser hired by PENRA is also assisting it in developing the procurement performance monitoring and internal quality review system to improve the procurement performance.

Figure 18: ESPIP Disbursement Ratio (US$, millions) as of June 30, 2021



Background

The ESPIP AF was approved by the World Bank's Board on January 14, 2019, and is being co-financed by the TFGWB (US$5 million) and the PID MDTF (US$7 million). The ESPIP was approved by the World Bank's Board on July 27, 2017, and is being co-financed by the TFGWB (US$4 million) and the PID MDTF (US$7 million). The project is designed to sustain and expand the achievements of the World Bank engagements and to further support the reform process led by PENRA—which should foster well-performing sector institutions, a diversification of power sources, and increased participation of the private sector.

The Project was restructured in May 2021 to (a) modify the scope of the revolving fund activities based on lessons learned from the initial implementation of the pilot phase and (b) reallocate funds between categories to address the financing gap identified for the purchase of the MIS.

Opportunity

The recent partial energization of all the HV substations in the West Bank is an important step toward realization of PETL's role as the single buyer of Palestinian electricity. Strengthening PETL's technical and operational capacity and reducing the fiscal burden will enable PETL to increase electricity supply and reliability across the West Bank and create new opportunities to address the energy crisis in Gaza. The COVID-19 pandemic continues to strain the electricity sector due to an unprecedented economic slowdown, shifting of loads and challenges faced by customers. However, this has also created an opportunity to take a step back and identify priority interventions across the supply chain, including implementation of the MIS, identification of infrastructure strengthening needs, and acceleration of the process of reforms across the supply chain.

PID MDTF in Action

ESPIP continues to provide support to the partial staffing and operational budget for PENRA's PMU under the PID MDTF. The equipment procured through the project is being utilized to support the operation of PETL substations. Despite the COVID-19 pandemic, PENRA is reporting repayment of nearly 100 percent of the bills issued for the electricity sold by PETL to the two DISCOs. The pandemic has had a significant impact on the electricity sector as deductions from clearance revenue (net lending) increased between 2018 and 2020. Further assessment will be conducted to identify ways to resume the downward trend of clearance revenue deductions once the pandemic is fully over.

Deployment of smart meters and related infrastructure, for implementation of the RPP, has been delayed due to global supply chain disruptions. The smart meters shipment from the China-based manufacturer is expected to only arrive toward the end of 2021. In the meanwhile, testing and deployment of the smart metering software system is proceeding with minor delays. This will support approximately 16,000 customers across the WB&G. The signing of the MIS contract for DISCOs in the West Bank was also similarly delayed till June 2021. Once deployed, however, the MIS, by considering all DISCOs, will ensure adequate M&E of the complete energy system and decision-making process.

The Gaza rooftop solar pilot was formally launched in October 2018 with the signing of the PENRA-GEDCO agreement. The pilot phase of 100 solar PV kits faced multiple challenges, in 2019–2020 due to the economic slowdown, widespread job losses, reduced affordability, and in 2020–2021 due to COVID-19 pandemic-related shutdowns and the May conflict. The

lessons learned report identifies a multitude of challenges in the beneficiary selection process (financial assessments of applicants, technical assessment of sites, and preparation of the ESMP for each site) along with weak capacity challenges among the local participating banks. In the meanwhile, in response to the pandemic, solar PV systems from the revolving fund were successfully installed in seven additional health clinics (25 KWp total). Unfortunately, the May conflict resulted in some damage to a few solar PV kits installed through the revolving fund. As needed, free replacement will be provided through the project. In addition, three solar PV systems were installed in health clinics, and procurement for the final batch of 13 health clinics is under way. The lessons learned from the pilot phase of the revolving fund component will assist in redesigning a new business model for the deployment of the remaining solar systems and the ones planned in ASPIRE Phase I, considering the market's response and the economic crisis facing Gaza.

Key Achievements

- Support provided to O&M of PETL and to the staffing and operational budget for PENRA's PMU.
- IT, testing equipment, and safety gear were procured and are being utilized to support the operation of PETL substations, along with the procurement of an additional supply of spare parts.
- All the material for the switch gears and transformers for the upgrade of the connection points is set to be delivered by December 2021.
- The MIS contract is signed for the five DISCOs in the West Bank.
- The contract for the RPP of the six DISCOs was signed; furthermore, testing and deployment of the software system have commenced.
- About 19 solar systems were successfully installed in Gaza (serving households and health clinics) and are operational.

Moving Forward

The World Bank will continue to work closely with PENRA to ensure effective and timely implementation of all remaining project activities by Project's closing date (December 20, 2023)—especially the implementation of the MIS and the RPPs for the DISCOs, along with the delivery of all materials for the substations and connection points.

Additional Information

To access all project information, including PADs, ICRs, and ISRs, refer to the following link: http://projects.worldbank.org/P148600?lang=en.

ASPIRE MPA - Advancing Sustainability in Performance, Infrastructure, and Reliability of the Energy Sector in the WB&G (P170928)
Duration: 8 years **Board Approval Date:** April 24, 2020 **Program Closing Date:** June 30, 2028 **Total Grant Financing:** US$63 million for Phase I **PID MDTF Grant Amount:** Phase I: US$49 million **Approval:** June 8, 2020 **TFGWB Grant Amount:** Phase I: US$14 million **Approval:** June 9, 2020 **Status:** Active
Objective: To improve operational and financial performance of electricity sector institutions and promote diversification of energy sources.

Key Project Ratings

	Previous Rating	Current Rating
Management Ratings		
Progress toward achievement of PDO	Satisfactory	Satisfactory
Overall Implementation Progress (IP)	Satisfactory	Satisfactory
Financial Management	Satisfactory	Satisfactory
Project Management	Satisfactory	Satisfactory
Procurement	Satisfactory	Satisfactory
Monitoring and Evaluation	Satisfactory	Satisfactory
Specific Project Ratings		
Component 1: Improving Infrastructure for Regional Electricity Interconnections in the West Bank and Gaza (Cost US$13.0 million)	Satisfactory	Moderately Satisfactory[a]
Component 2: Improving Sustainability of Service Delivery in West Bank and Gaza DISCOs (Cost US$7.0 million)	Satisfactory	Satisfactory
Component 3: Enabling Private Sector Engagement in Renewable Energy (Cost US$34.0 million)	Satisfactory	Satisfactory

Component 4: Technical Assistance, Capacity Building and Project Management (Cost US$9.0 million)	●Satisfactory	●Satisfactory

Note: a. The rating for progress toward Component 1 has been changed to Moderately Satisfactory to reflect the delays caused by the COVID-19 pandemic. Governorates across the West Bank have been in various degrees of lockdown since the beginning of the pandemic; however, the situation has continued to worsen over the winter with cases skyrocketing. This is severely affecting the ability to conduct technical meetings with staff from PETL/DISCOs to prepare technical designs, conduct site visits to prepare the ESF instruments (including, holding stakeholder consultations), and ensure adherence to World Bank policies and procedural requirements. The situation has more adversely affected Component 1, which is entirely related to infrastructure. The other components are also affected but the impact is not severe as many sub-components are able to proceed through virtual meetings. Under Component 1, two sub-components are also affected by severe delays in receiving required approvals from the ICA and PENRA has now formally requested the World Bank's support with follow-up.

Background

The first phase of the WB&G ASPIRE MPA was approved by the World Bank's Board on April 24, 2020, and is being co-financed by the TFGWB (US$14 million) and the PID MDTF (US$49 million). This is an innovative MPA, the first approved in the MENA region and also the first in the context of a fragile and conflict situation. The program builds on the ongoing energy sector engagements aimed at supporting PENRA through a broad and adaptive programmatic approach focused on three thrusts—fostering of well-performing sector institutions, diversification of power sources, and increased participation of the private sector.

Opportunity

In November 2020, the PETL-IEC interim arrangements were signed enabling partial energization of all four HV sub-stations across the West Bank. Continued support to PENRA and PETL's technical and operational capacity will contribute to a reduction of the fiscal burden, which is essential to increase electricity supply and reliability across the West Bank and create new opportunities to address the energy crisis in Gaza. While the COVID-19 pandemic is still affecting the electricity sector with the accompanying economic slowdown—shifting of loads and payment challenges faced by customers—it has also created entry points to accelerate the process of reforms across the supply chain. Lessons learned from implementation of ESPIP also continue to inform Phase I of ASPIRE, both in the design of improvements to its technical components as well as overall project planning, for example, in anticipating unexpected delays and managing risks.

PID MDTF in Action

Despite the COVID-19 pandemic, PENRA is reporting repayment of nearly 100 percent of the bills issued for the electricity sold by PETL to the two DISCOs. The pandemic has had a significant financial impact on the electricity sector due to increases in the net lending deduction from clearance revenue between 2018 and 2020. Further assessment will be conducted to identify ways to resume the downward trend of clearance revenue deductions, once the pandemic is fully over.

Since achieving effectiveness in September 2020, Phase I of ASPIRE MPA is progressing on all fronts. The Jericho-Ramallah line is pending approval from the ICA, but the preparation for the other MV lines has proceeded, despite the COVID-19 pandemic-related movement restrictions.

Preparation of procurement packages for the RPP continuation activities will begin in September 2021, compared to the original planned start in FY23, to anticipate potential delays that could surface as experienced during the implementation of such activities under ESPIP with COVID-19 impacts. The largest component of Phase I is the establishment of the LSAPS. A design committee, comprising PENRA, PETL and MoF, was established in November 2020, with task teams—focusing on financial, operational, and legal issues—actively engaged since February 2021. The committee has held meetings to seek inputs from various line ministries, government departments, DISCOs, PERC, and other stakeholders. The process is time intensive—with twice-weekly meetings being held to maintain momentum—allowing for progress to be made toward the design of the LSAPS. PENRA, in cooperation with the Ministry of Social Development, is also in the process of designing the solar PV revolving fund, with a focus on low-income families in the West Bank, building on lessons learned in Gaza.

Key Achievements

- The procurement packages for the (a) goods and materials required for rehabilitation of IEC interconnection points in the West Bank and (b) installation of the MV lines from Qusin-Sarra Junction to Qusin-Bet Iba Junction are in advanced stages and are expected to be launched during the second half of 2021.
- The process for identifying grid enhancement needs regarding rooftop and small-scale solar PV systems was established by PENRA.
- Five priority hospitals were selected, feasibility studies prepared, and environmental and social assessment started, with procurement expected to be launched during the second half of 2021.
- A 'design committee' was established by PENRA, PETL, and MoF for the LSAPS in November 2020. It is fully operational and progressing toward the major milestone of approval of the LSAPS Operations Manual, expected to be ready by the end of 2021. The process is expected to be completed, with Cabinet approval expected in March 2022.

Moving Forward

Principal immediate priorities for the project going forward include the following:

- Ensuring the approval of the Liquidity Support Account operations manual
- Expediting procurement and implementation of the MV lines
- Establishment of the solar PV system for hospitals
- Designing the revolving fund for low-income families for the West Bank.

In addition, it will be important to pursue the issuance of approvals from the ICA to implement the Jericho-Ramallah line, so that it is ready by the time the infrastructure on the Jordanian side is ready for increasing the supply to the West Bank.

Additional Information

To access all project information, including the Concept Note and (following project approval) PADs, ICRs, and ISRs, refer to the following link: http://projects.worldbank.org/P170928?lang=en.

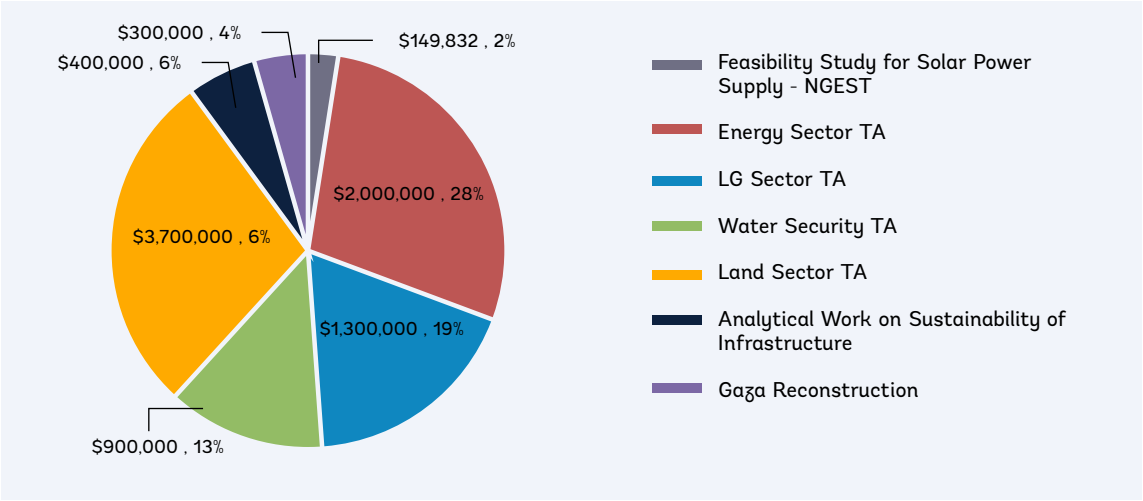
6. Bank-Executed Advisory Services and Analytics

Bank-executed ASA is a major comparative advantage of the World Bank, highly valued by the PA and by DPs who channel support through the World Bank. In addition to the sector-specific activities financed by recipient-executed co-financing agreements described in the preceding section, the PID MDTF structure includes a window to finance Bank-executed TA and analytics. Under this window, disbursing accounts are established for World Bank-managed consulting services to design and implement better policies, strengthen institutions, build capacity, and inform development strategies or operations for infrastructure sector planning and strategy formulation initiatives. The Bank-executed ASA window provides the opportunity to develop and implement cross-sectoral integrated approaches across the infrastructure sectors—energy, water, urban/LG, and land—complemented by a cross-cutting task launched during FY20, Sustained Service Delivery through Improved O&M of Infrastructure in West Bank and Gaza.

The ASA activities have been designed to leverage and complement all allocations of infrastructure investments in the WB&G in the World Bank program. The strong PID MDTF ASA portfolio not only further enhances the impacts of recipient-executed activities co-financed by the PID MDTF but also underpins the World Bank's DPGs, non-PID donors' parallel financing, and ultimately the PA's own policies and programs. The leverage factor—ratio of all investment financing (US$690.3 million[38]) to TA financing (US$7.0 million)—is 100 to 1.

During FY21, six PID MDTF co-financed Bank-executed ASA activities were ongoing: (a) Water Security TA, (b) LG Sector TA, (c) Land Sector TA, (d) Energy Sector TA, (e) Analytical Work on Sustainability of Infrastructure, and (f) Gaza Reconstruction, which supported the Gaza 2021 RDNA report, jointly launched by the World Bank Group, the EU, and the UN to estimate the total damage and losses incurred in Gaza following the May 2021 conflict.

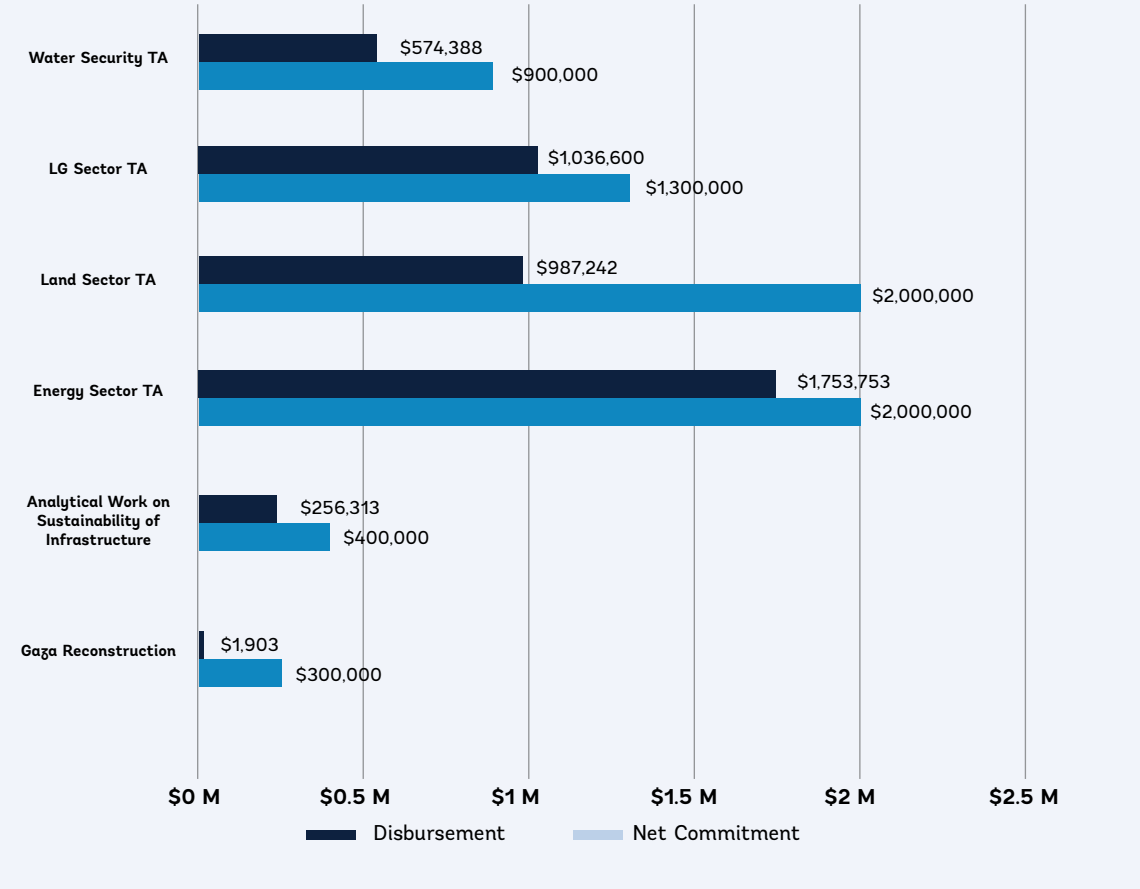
Figure 19: Bank-Executed ASA PID MDTF Funding Distribution as of June 30, 2021[a]



Note: a. Including all ASAs funded under the PID MDTF.

38 This amount comprises all TFGWB funds, PID MDTF funds, and parallel financing from non-PID donors mobilized for infrastructure investments that have been co-financed by the PID MDTF since inception.

Figure 20: Bank-Executed ASA PID MDTF Disbursements as of June 30, 2021[a]



Note: a. Including only active ASAs.

Programmatic Technical Assistance: Towards Water Security for the Palestinians (P167309)
Duration: 3 years **World Bank Management Concept Approval Date:** June 27, 2019 **Completion Date:** December 29, 2022 **Total Grant Financing:** US$1.15 million **PID MDTF Grant Financing:** US$0.9 million **Other Grant Financing:** US$0.125 million **MENA Region-wide TA MDTF - Parallel (TF072755):** US$0.05 million **World Bank Budget:** US$0.075 million **Status:** Active
Objective: To strengthen the operational and financial performance of the water and wastewater sector institutions in the West Bank and Gaza in support of the Water Law.

Background

The World Bank is currently supporting the operationalization of the 2014 Water Law and the Water Sector SDP through two operations, AWP-I (P168739), co-financed through the PID MDTF, and HRWMP-I: Hebron Regional Wastewater Management Project Phase I (P117449), financed solely by the World Bank. AWP-I supports bulk infrastructure investments to address urgent water quantity and quality needs in Gaza by blending freshwater from Mekorot (Israeli bulk supplier), desalinated water from short-term low-volume desalination plants, and brackish groundwater to achieve the WHO standard for potable water. This blended water will subsequently be supplied to residents in the service area through the water distribution network. HRWMP-I, in turn, is critical to establishing basic wastewater services for Hebron City and improves environmental protection by reducing the discharge of untreated sewage and making treated effluent available for agricultural purposes.

The World Bank has identified—including through the 2018 Water Supply, Sanitation, and Hygiene Poverty Diagnostic—that there are persistent gaps in institutional capacity and incentives, underlying financial vulnerabilities, and political realities that are limiting the full implementation of the Water Law and the SDP, meriting further analytical support and TA.

The effectiveness of the PWA has been constrained by the restrictions imposed by the GoI and by the establishment of a parallel structure in Gaza. In the absence of a fully empowered PWA (and WSRC), most SPs are still governed under the 1997 MoLG Law. The operational capacity of SPs remains weak, compromising their ability to (a) operate and maintain infrastructure and (b) further expand and improve service delivery. At the same time, the WSRC still lacks full statutory authority, including the ability to license SPs and collect the fees essential for financial sustainability. In March 2017, the PWA drafted a road map for establishing the NWC from the existing West Bank Water Department, but little progress has been made toward implementing the road map.

The financial flows in the sector, in particular, remain fragile and inefficient. There is an increasing dependence of the PWA on bulk water purchases from Mekorot (Israeli bulk supplier),

while LGUs are reluctant to cede water-related revenue streams, leading to an absence of cost recovery for the 80 MCM per year of bulk water purchased by the PA from Israel. With plans to increase water purchases from Mekorot, and given the current weak operational and financial performance, particularly in Gaza, this would add to the current arrears and increase the fiscal burden on the PA. At the SP level, fewer than 30 percent of the 300 water SPs across the WB&G, regardless of their institutional setup, generate sufficient revenue to cover O&M costs.

The complex and unresolved political context of the WB&G further undermines efficient public service delivery. For example, Israel charges US$0.39 per m^3 of Palestinian wastewater that enters Israel—to cover costs of subsequent treatment at the Shoket WWTP; the method of calculation for the charge is not transparent, however. These payments are deducted from the Palestinian value added tax (VAT) and custom duties collected by Israel, and the payments hence have a significant fiscal impact that undermines the viability of the sector. In 2020, Israel deducted around US$130 million (net lending) for unpaid Mekorot water bills and sewage treatment costs.

Opportunity

This combination of financial issues puts the ongoing operational viability of the infrastructure supported by the World Bank (through AWP, HRWMP-I, WMS, and other assets) at risk. To address this, additional specialized support is required in key areas: assisting the PWA in transboundary conversations related to water and wastewater and facilitating institutional change and capacity building especially for PWA and SPs in Gaza and the West Bank, to fulfill their roles as laid out in the Water Law. Additionally, support is needed to design and implement key sector innovations and incentives, such as the systematic improvement of the performance of SPs, the acceleration of private sector engagement in the sector, and the efficient reuse of wastewater.

PID MDTF in Action

Participatory approach of the RDNA: The World Bank, in cooperation with the EU and the UN, has carried out an RDNA for Gaza in the aftermath of the conflict escalation that lasted for 11 days, from May 10 to 20, 2021. The PWA, in partnership with the CMWU, UNICEF, and the World Bank, led the assessment of WSS infrastructure and services. PWA's efforts were complemented by consultations with key stakeholders, including relevant representatives of the community and citizen groups, to facilitate and ensure citizen participation in the RDNA process for the WSS sector. The World Bank contracted global communities to support the PWA in carrying out consultations. This ensured transparency throughout the assessment and recovery process, in turn facilitating a better reconstruction in the short and medium term. The consultation process involved (a) organizing advisory meetings for stakeholders in the northern, central, and southern Gaza Strip to present the RDNA process and initial data on damage and needs gathered by PWA and (b) obtaining inputs from various actors—including private water vendors, citizens, and NGOs—on the immediate- and short-term recovery and reconstruction needs. The consultation process also identified future consultations required during recovery and reconstruction efforts.

Financial model for water sector in Palestine. The World Bank has provided TA to develop (a) financial models for a sample of SPs (four small and medium-size SPs) and (b) a sector-wide financial model to provide a tool for policy makers to assess the impact of different policy interventions on the financial sustainability of the sector overall as well as on SPs. The World Bank worked with the PWA and selected key SPs to design the main financial model to use for

the RWUs. The work involved meetings with the WSRC, PWA, West Bank Water Department, and other regional utilities including CMWU, WSSA, and Hebron Water Department.

Hebron transboundary. The World Bank provided TA to develop a possible action plan for reducing the financial burden from wastewater treatment costs deducted by Israel at the border. Work conducted over the last few months has been focused on finalizing data collection from stakeholders—in Hebron and other areas, such as Wadi Zomer—and assessing the costs required to treat wastewater at the border versus treating at the source, especially as regards industrial wastewater. Various general technical solutions have been investigated and discussed in preliminary fashion with the PWA and IWA for their comments. The best way forward appears to be a multi-stage approach that provides an immediate-, short-term reduction of urgent treatment costs up front, followed by implementation of a longer-term road map that addresses wastewater treatment needs going forward. Within a month a first limited-circulation report will be produced for discussion with the PWA and IWA, in which guiding principles reviewed by the parties will be submitted along with preliminary data collection results. In the coming months, this will be followed by a more detailed conceptual plan, including a final detailed technical and financial analysis.

NGEST capacity. The World Bank also provided TA to the PWA to address capacity constraints at the WWTP funded originally by NGEST. Wastewater flows into this plant exceed design capacity by between 10 and 15 percent. Moreover, current flow levels are expected to increase between 2 and 4 percent annually, resulting in a substantial deterioration of effluent quality. Already these increased flows cannot be pumped by the TPS pumping station; consequently, the Random Lakes are filling up with excess wastewater. This in turn presents a risk that the Random Lakes' embankments could collapse and flood residential areas. Several technical solutions for preventing wastewater accumulation in the Random Lakes, including (a) diverting the flow of two sewage pump stations directly to NGEST WWTP and (b) providing emergency pumps to control overflow at the Random Lake, were proposed with an estimated cost of US$4.8 million for implementation. This emergency solution is aimed at providing a medium-term solution that should be in place in the coming year. A longer-term solution requires consideration of a full-scale second phase operation building on the former NGEST project.

NSPIP concept. The World Bank continued to support the PWA in clarifying the conceptual design of the NSPIP. The main feature of NSPIP calls for a performance-based approach to incentivize SPs to improve their delivery standards and encourage them to join emergent regional utilities, as per the 2014 Water Law. The main facets of the performance-based assistance may include the following: (a) SPs expected to meet minimum conditions before they can access funds, (b) PWA and/or WSRC contract independent consultants to carry out annual assessment of SP performance using pre-identified criteria, and (c) performance scores determine level of funding transferred to each SP. The criteria to evaluate the SPs are designed to lead to improvements in planning and participation, sustainability, accountability, and service delivery. Access to significant funding is critical to be able to generate improvements in service delivery:

Establishment of Gaza BWSU. The World Bank provided TA to support the PWA in the initial structuring and setup of the newly established Gaza BWSU, intended as the Gaza branch of the NWC. The World Bank worked out with the PWA an initial organizational structure for the BWSU, with a view to having the institution gradually become financially sustainable, able to provide bulk water to its client in the most efficient manner possible, with the end goal of establishing the NWC, with autonomous status in Gaza. The PWA is now bidding for consultancy services to support it in the establishment of the BWSU to manage, operate, and maintain all

bulk water supply assets in the project areas and to progressively ensure that bulk water costs (at least the O&M costs) are recovered from municipal SPs. The consultancy must detail the organizational structure necessary to allow the new BWSU to start its activities, including the technical and administrative structure necessary for the management of the bulk water supply systems as well as the human resources, facilities, and equipment necessary for its operation, including the infrastructure associated with it.

Moving Forward

During the current fiscal year, the TA will work on the following:

- Finalize needed analytical work and support dialogue between the PWA and IWA on the transboundary agenda, focusing on Wadi Asamen catchment area.
- Continue advising the PWA, in line with the November 2, 2020 Cabinet decisions on the establishment of the BWSU in Gaza, the design of NSPIP, and general sector reform.
- Finalize the financial model for the sector.

Palestinian Local Government Sector Reform Support (P161279)
Duration: 4 years **GA Date:** October 3, 2016 **Completion Date:** June 30, 2021 **Total Grant Financing:** US$0.7 million **PID MDTF Grant Amount:** US$0.7 million **Status:** Active
Objective: To strengthen the capacity of the MoLG and other agencies with their core mandates in the LG sector, to refine and implement ongoing LG sector reforms.

Background

The LG Sector Strategy (2017–2022) sets out a comprehensive set of policies toward achieving the PA vision for the LG sector, 'good local governance which is capable of achieving sustainable development with active community participation'. These policies include (a) setting up a conducive legislative and regulatory framework, (b) improving LG performance, (c) enabling LGs to be financially stable and sustainable, (d) promoting LED, and (e) broadening citizen participation in LG decision-making and program implementation.

The PID MDTF is in the forefront of supporting the sector strategy through projects and ASAs that feature elements relating to the five sector policies mentioned previously. The Palestinian Local Government Sector Reform Support TA provides targeted support in these same core reform areas as a complement to the invest projects approved for the sector. It aims to provide the PA with assessment and implementation support in critical reform efforts where urgent, flexible interventions—not easily financed by the investment projects themselves—are required, thus complementing current efforts of the World Bank and other DPs to improve performance at different tiers of LG—municipalities through the MDP, VCs through LGSIP, and cities and their peri-urban areas through the ICUD.

Opportunity

LGs continue to be under heavy stress and local service delivery has been deteriorating for years due to the severe economic situation, repeated shocks, and external restrictions. The ongoing pandemic has brought further strain to municipal capacity, as municipalities took the lead in COVID-19 response under their emergency management responsibilities. This has further increased expenditures and decreased revenues of LGs due to weaker economic activity and intermittent lockdowns and restrictions. The May 2021 hostilities in Gaza exacerbated this situation even further among the 25 municipalities in the Gaza Strip. The damage to municipal infrastructure and services is huge, estimated between US$25 and 30 million, affecting roads, water supply, wastewater management, solid waste collection, and public amenities. The Gaza municipalities have experienced an increase in their operating expenditure—for debris clean-up, coupled with a loss of revenue—estimated at up to US$5 million.

Against this backdrop the need for support to LGs cannot be overemphasized. During crises, LGs are relied upon to maintain services and effective channels of external support. Post crises are also opportunities to allow LGs to become more resourceful and innovative in responding to

the needs of their constituents. In Gaza, for example, the reconstruction that will be required after the May 2021 violence can showcase resilient planning and infrastructure development. The persisting health crisis brought by COVID-19 continues to disrupt economic activities, in turn undercutting revenue generation by LGs. The road toward financial sustainability of LGUs has become even more difficult, making the analytical work carried out by the ASA increasingly important.

PID MDTF in Action

The ASA continues to provide invaluable support in ensuring responsiveness, relevance, and effectiveness of a broad range of investment operations in the LG sector as well as other sectors, with funding both by the PID MDTF as well as other sources. The analytical piece on net lending, for example, is providing a basis for current policy dialogue aimed at ensuring financial viability of SPs in the water supply and energy sectors.

The ASA activities intensified on several fronts that illustrate the synergy between the ASA and operations under implementation or in preparation. In the area of IGFT systems, for example, work has commenced on a potential automatic appropriation for LGUs in the annual budget. The analysis focuses on the arrangements that need to be put in place as well as its ramifications on the fiscal situation. Along a related line, municipal finance, dialogue continued with the MoLG and MDLF on the initiation of lending to municipalities, including potential piloting under MDP-3. A road map for municipal lending has also been prepared with inputs from the ASA; the PA, in turn, has decided to pursue this road map to expand municipal finance in the WB&G. Finally, a series of consultations were undertaken to strengthen the monitoring of LG performance, insofar as possible aligned with the IGFT systems.

Key Achievements

- Understanding has been reached with the MoLG and MDLF on the scope of the LG performance monitoring and assessment system that will be designed and established at the MoLG. Recruitment of consultants is under way.
- A draft report proposing an inter-governmental fiscal transfer system for LGUs has been produced and will be consulted with stakeholders in the next three months. The analysis presents options for the forms of transfers (nature and use of the transfer), distribution methods, financing, and architecture of the system.

Moving Forward

This fiscal year will see completion of the tasks relating to improvements to the IGFT systems as well as LG performance monitoring. Broader consultations are planned to ensure insights from key stakeholders to enrich the policy reform recommendations to the PA. A robust set of follow-up actions to sustain the reform process will also be developed and consulted with the PA and DPs.

Support to the Palestinian Land Sector Reform (P163872)
Duration: 6.5 years **GA Date:** May 1, 2017 **Completion Date:** November 30, 2023 **Total Grant Financing:** US$2.15 million **PID MDTF FY17 Grant Amount:** US$0.7 million **PID MDTF FY19 Replenishment Amount:** US$0.8 million **PID MDTF FY21 Replenishment Amount:** US$0.5 million **Global Tax Program MDTF Grant Amount:** US$0.15 million **Status:** Active
Objective: To (a) assess and quantify the economic, fiscal and social impact of a weak land administration system and of restrictions on access to land in the Palestinian territories and (b) assist the PA to refine and implement key policy, regulatory, and legal aspects of the Government Road Map for Reforming the Palestinian Land Sector (Road Map).

Background

Land reform in the WB&G is fundamental for improving tenure security, stimulating economic growth, generating public sector revenues, and building trust between the government and citizens. DP support to the Palestinian land sector over the past 10 years has had mixed, but largely unsatisfactory, results due to various constraints within the PA's control. An important factor that contributed to a sustained unsatisfactory outcome was the governance structure of the PLA and its weak leadership, as well as inefficiencies in the work organization and methodology for SLR.

During the last four years, a number of measures were undertaken by the PA to show its seriousness to turn around the sector's weak performance, including (a) the approval of a waiver on all new registration fees aimed at increasing citizen's interest in obtaining land titles and (b) the establishment of the LWSC in 2016 as an independent agency to complete SLR. In the period since its inception until April 1, 2021, the LWSC has registered 670,534 dunums (231,963 parcels). Additionally, the PA prepared the 'Road Map for Reforming the Palestinian Land Sector' (approved by the cabinet in September 2017) that outlines specific policy, legal, and institutional reforms.

These steps led to renewed engagement by DPs to support a comprehensive, multiphase, multi-stakeholder approach to reforming the sector, subject to the PA demonstrating the highest level of commitment. The PID MDTF-financed Land Sector TA was thus established to support the ongoing reform of the Palestinian land sector, comprising two correlated tasks: (a) a study on the potential economic, fiscal, and social benefits from reforming the land sector and (b) TA to support the PA in the implementation of key elements of the road map. After the progress in SLR by the PA and its commitment to sector reform, the World Bank agreed to support a new investment operation in the land sector financed by the PID MDTF, RERP. The activities of the ASA informed the preparation and design of this new operation.

In April 2019, it was agreed to extend the closing date of the Land Sector ASA and increase financing from PID MDTF by an additional US$0.8 million to extend the ongoing TA activities of the ASA, including startup of the proposed RERP (P168576). Additional activities under this replenishment included (a) design of a PMIS for the LWSC, (b) TA to support the continued reform of the legal framework as outlined under Pillar II of the road map, (c) policy development for property valuation and taxation, (d) policy development for state property management, and (e) continued TA support for the finalization of the Geospatial Information Management Action Plan. Additionally, the team received a US$150,000 grant from the Global Tax Program MDTF to support TA activities on policy development for property taxation (see below for more information).

In October 2020, a further US$0.5 million replenishment from the PID MDTF, as well as an additional extension of the closing date to November 30, 2023, for the Land Sector ASA, was agreed to continue support to TA activities and continue RERP implementation support throughout the entire project time frame. Additional activities under this replenishment will include (a) TA to support the further development of the National Spatial Data Infrastructure (NSDI) based on the findings and recommendations of the Geospatial Information Management Action Plan in alignment with Road Map Pillar V: Establishing a National Spatial Data Infrastructure; (b) a gender survey to complement RERP's support to strengthening women's access to land and identify challenges and opportunities for strengthening women's property and registration rights; and (c) TA support to the legal framework related to the recognition of digital land and property records as official forms of documentation. Continued support to strengthen the capacity of RERP's PIU, particularly in the fields of IT, valuation, and gender, will also be provided.

Opportunity

Reforming the land administration system is of utmost importance for the PA to support its economic development. It is one of the potentially most impactful reform agendas in WB&G. The PA has demonstrated a renewed commitment to the land sector and its reform program. Institutional restructuring has been taking place and first-time SLR has been accelerated. It is vital for the reforms to be outlined under the road map to continue, and for SLR to be supported to avoid stalling again. The ASA activities will provide key technical support to scale up and hasten SLR activities as well as inform the institutional and legal reform process of international best practices in land administration. With alignment of the ASA and the proposed operation, the PID MDTF will provide programmatic support to the holistic development of the Palestinian land sector.

Most recently the PA through the Local Aid Coordination Secretariat under the PMO established a sector working group focusing on the land sector. The World Bank welcomes this initiative and supports this mechanism to enhance coordination and alignment of the support and interventions in the land sector and to advance its development.

PID MDTF in Action

Despite the challenges from the pandemic and restrictions on movement and travel, work has advanced significantly on two analytical pieces to inform key policies under the Road Map: Pillar III Transparent, Effective and Accountable Management of Public Land and Pillar IV: Property Tax Reform. The activities are summarized as follows: (a) an assessment on state land management that includes a review of existing policies and legislation and analysis of current practices, challenges, and opportunities to protect state real estate assets and their

potential use for investment and (b) TA activities on policy development for property taxation, including an assessment that compares the Palestinian tax regime with select neighboring and Organisation for Economic Co-operation and Development (OECD) countries. The cross-sectoral work on property tax is being conducted in collaboration with the World Bank's Fiscal Policy and Sustainable Growth Unit under the Governance Global Practice.[39]

Key Achievements

- Draft report has been completed and presented to the PMO that analyzes key gaps in the PA's existing property taxation efforts and provides options for revising the tax structure.
- Draft report has been completed and presented to the PMO on state and public land management and associated policies and legislation.
- Ongoing TA was provided during the reporting period to the PLA and LWSC focusing on IT development, property valuation, and gender inclusion within the land sector, all in coordination with RERP activities.
- Ongoing detailed feedback and guidance was provided on the development of the GAP under RERP.

Moving Forward

Workshops will be held with leading stakeholders in the land sector including government line agencies and DPs to present the findings and recommendations of the two analytical reports and to seek feedback and input. The reports will then be finalized with a detailed set of recommendations and workplans for the PA.

In accordance with the latest replenishment and extension of the ASA, new activities and TA support will be defined in relation to the following themes: (a) support to the ongoing establishment of an NSDI; (b) a gender survey on property and registration rights for women; and (c) a review of the legal framework regarding the recognition of digital land records as official documentation for land and property.

The task team will also continue to closely monitor the situation on the ground regarding the effects of the COVID-19 pandemic. Stakeholder consultations and data collection in the field for some deliverables may continue to face delays over the coming months, which could result in delays in activity completion. To mitigate this issue, the task team will keep utilizing alternative mechanisms for consultation, such as virtual meetings, when feasible, to continue to stay on schedule with activity implementation as virtually as possible.

39 The two draft reports on (a) state land management and (b) property taxation will be available upon request.

West Bank & Gaza Energy Sector Programmatic Technical Assistance (P162545)
Duration: 5 years **GA Date:** January 1, 2017 **Completion Date:** December 31, 2021[a] **Total Grant Financing:** US$2 million **PID MDTF FY17 Grant Amount:** US$1 million **PID MDTF FY19 Replenishment Amount**: US$1 million **Status:** Active
Objective: To enhance energy sector institutional capacity and efficiency, and piloting models for renewable energy.

Background

The Programmatic TA provides support to the PA with external consultants and World Bank staff—particularly for the implementation of the ESPIP, ESPIP AF, and ASPIRE MPA—in the following areas of activity: (a) PENRA's ongoing reform, (b) enabling of private sector participation, (c) capacity building of sector institutions, and (d) specific analytical work on continuing sector challenges.

Opportunity

PENRA and the Palestinian electricity institutions continue to make progress, despite the COVID-19 pandemic, toward improving the quality, reliability, and pricing of electricity supply. This TA provides the opportunity for international energy sector professionals (World Bank staff and consultants) to bring global knowledge, experience, and individual subject-matter expertise to the WB&G.

PID MDTF in Action

With the continuation of the COVID-19 pandemic, the TA has focused on providing support for continued implementation of the ESPIP and ASPIRE Phase I components. Technical experts have continued to support the development and procurement of key activities, particularly the solar PV systems and MIS. In addition, ongoing support is being provided to PETL to improve management of the electricity supply; this is an emerging priority as energization of the HV substations is being undertaken. In addition, following the May 2021 conflict, the TA was also used to contribute the energy sector analysis to the Gaza RDNA.

Key Achievements

- The TA continues to support ESPIP, and the additional finance, in the assessment and preparation of technical specifications for the bidding process to support the RPP, including the development of MIS (Component 2) and the solar rooftop initiative for households, SMEs, and health facilities (Component 3).

- The TA supported implementation of ASPIRE Phase I in the development of all major components, as well as hands-on technical advisory support to the design committee (PENRA/PETL/MoF) working on the liquidity support account to enable private sector investment in solar IPPs.
- The TA supported an energy sector damages and needs assessment following the May 2021 conflict.
- The TA supported initial discussions and conceptual design of ASPIRE Phase 2.

Moving Forward

The Programmatic TA will continue to support implementation of ESPIP and ASPIRE Phase I components as well as the preparation of ASPIRE Phase 2.

Sustained Service Delivery through Improved O&M of Infrastructure in West Bank and Gaza (P173131)
Duration: 18 months **GA Date:** February 15, 2020 **Completion Date:** March 15, 2022 **Total Grant Financing:** US$0.4 million **PID MDTF Grant Amount:** US$0.4 million **Status:** Active
Objective: To provide support to the PA in maintaining service delivery through the development of action-oriented recommendations to improve infrastructure service sustainability in the WB&G.

Background

The WB&G has been experiencing severe infrastructure deficits as a result of increasing population and rapid urbanization. The supply of infrastructure has been unable to keep pace with growing demand because of the constrained fiscal capacity of the PA, exacerbated by declining donor aid and the standoff with Israel over clearance revenues that Israel collects on behalf of the PA. The infrastructure gap continues to widen as fiscal constraints prevent the PA from carrying out investments to close the gap. While this happens, the existing infrastructure stock of the WB&G continues to deteriorate for various reasons including lack of a clear national policy or strategy on asset management, weak and fragmented institutional arrangements, insufficient to almost no funding provision, and deficient asset management practices, among others.

The ASA aims to provide support to the PA in maintaining service delivery through the development of action-oriented recommendations to improve infrastructure service sustainability in WB&G. The study specifically aims to (a) review the current state of infrastructure asset management in WB&G; (b) map out and quantify the financing needs for infrastructure asset management; (c) explore opportunities for the PA to enhance infrastructure asset management by defining actions to improve asset practices and boost sustainability of infrastructure and identify possible solutions to generate a sustainable flow of resources; (d) identify and prioritize quick wins and strategic and potential areas for reforms; and (e) initiate serious dialogue with the PA and key stakeholders (including DPs) on the urgency of addressing O&M needs in the infrastructure sectors, spanning governance, institutional, funding, and capacity constraints.

Opportunity

The new FY22–25 AS emphasizes the role of improved infrastructure in achieving a resilient and 'well-connected' Palestine. While efforts will continue to address the huge infrastructure gap, improving asset management, especially O&M of infrastructure assets, will become increasingly critical for the territory given dwindling resources for lumpy infrastructure investments. Lengthening the life of WSS, energy, and local infrastructure is also a cornerstone of the new AS. The ASA will therefore be an important analytical underpinning for concrete programs that the PA can pursue to strengthen infrastructure and attract private investment. It will also build on ongoing work through existing operations, such as that of the Gaza SWM and wastewater projects that prioritize institutional strengthening for improved O&M, and MDP-3

that is introducing multi-year budget planning for O&M in the municipalities.

PID MDTF in Action

The PID MDTF has responded to a great need—the lack of systematic analysis of asset management especially in the infrastructure sector in Palestine. Mobilizing resources to look into the three key infrastructure sectors, that is, water, energy, and municipal, this seminal PID MDTF supported initiative will inform the identification and prioritization of activities that can improve services delivery in these sectors while resources are being sought to finance new investments.

Key Achievements

- The study teams (energy, water, and municipal infrastructure) have embarked on a series of consultations with key stakeholders at the national and local/SP levels to obtain insights on key asset management issues.
- The inability to carry out face-to-face consultations due to COVID-19 has prompted teams to rely on carrying out surveys (sending out questionnaires) and virtual focused group discussions to collect information. This has proved challenging as nuances are difficult to capture through these modes of interaction. However, key stakeholders have shown a keen interest in the study and so far have been cooperative in providing some of the basic information required by the teams.

Moving Forward

Case studies are now in full steam and further consultations are under way to generate the inputs necessary for the teams to complete the case studies. By September, the case studies are to be completed (including presentation to the stakeholders). The teams will then regroup to prepare the diagnostic report and the guidance notes that will be produced by this ASA.

7. Program Management, Project Supervision, and Outlook for the PID MDTF

7.1. Program and Trust Fund Management Window

The Program and Trust Fund Management Window (hereafter, the TF Management Window) finances a portion of the management and administration costs associated with implementing the PID MDTF that are borne by the sector teams, country management, and central support functions. Up to 3 percent of the total pledged amount—around US$6.6 million as of June 30, 2021—can be allocated to this window from the Trustee Fund. To date, US$1.2 million—0.42 percent of the total pledged amount—has been committed to the TF Management Window, including a US$700,000 commitment made on March 25, 2013, and an additional commitment of US$500,000 made on August 31, 2020. Approximately US$965,000 has been disbursed as of June 30, 2021.

7.2. Project Supervision Window

To date, no supervision costs have been financed through the PID MDTF, despite an express provision having been made for it in the Administrative Agreements (AAs) since the start of the program. Project supervision has been covered exclusively by the World Bank implementation support budgets. As discussed in the FY20 semi-annual Oversight Group meeting, given the number and complexity of operations co-financed by the PID, the World Bank's budgetary limitations and in view of the need to boost implementation support in specific cross-cutting areas—such as gender, community engagement, and climate co-benefits—management had planned to allocate US$700,000 to this window during FY21. However, the COVID-19 crisis and associated travel restrictions have ended up easing the stress on project supervision budgets in FY21, as mission travel ground to a halt and all business began to be conducted remotely. In view of this, there has been a delay in mobilizing this US$700,000 allocation, but it remains needed and relevant. We hope that the impact of vaccination begins to be felt during FY22, and we can once more do our work face-to-face rather than only virtually. As these improvements take hold, we expect to add supervision resources to specific projects on the basis of need, by creating associated PID-financed charge codes for the relevant project in each case, always under the same project number.

7.3. World Bank-wide Reform of the World Bank-administered TFs (Umbrella 2.0 Programs)

Since January 2020, the World Bank has advanced the IBRD/IDA TF reform, moving toward fewer, larger Umbrella 2.0 Programs. The IBRD/IDA TF reform aims to reduce fragmentation by consolidating the TFs into a limited number of Umbrella 2.0 Programs, which are flexible approaches to TF organization and management that enable DPs and the World Bank to

partner and finance mutual priorities. It is the primary way to partner with the World Bank through TFs and is designed to channel the vast majority of donor contributions. Umbrella 2.0 Programs provide scale and efficiency for enhanced development impact and effectiveness, promoting (a) a more strategic way to partner with the World Bank and to finance priorities, (b) increased access to the World Bank's senior management in the context of high-level policy and strategy dialogue; (c) opportunities to collectively address global and local development challenges and achieve meaningful results at scale; (d) improved narrative and results reporting and greater attention to communications and visibility for DPs; and (e) increased access to knowledge sharing opportunities on key development issues.

In this light, the PURSE MDTF was successfully launched in June 2021 with its objective of strengthening sustainable recovery, economic reform, and social resilience in the WB&G. The PURSE MDTF provides a central mechanism to channel funding to activities aligned with the FY22–25 AS, while including sectors of the economy, such as private sector, digital development, and human development, not covered by previous TFs. As of August 2021, Norway and France have joined the PURSE with total contributions of US$21 million.

The PID MDTF will remain as a stand-alone MDTF in the near term and medium term, complementing the activities of the PURSE MDTF, given the extensive process of overhaul of its AAs with every donor in FY20 and FY21. The PID MDTF will retain its own planning and governance mechanisms as described in the Amendment and Partial Restatement of the AAs. In the long term, however, the World Bank will hold discussions with PID MDTF DPs to determine if there is benefit and gauge consensus around including PID MDTF in the PURSE umbrella, and if so, under what terms, conditions, and time frame.

7.4. Fundraising Outlook for PID MDTF

Having raised almost US$300 million over its first decade of existence, the PID MDTF is a prime example of increased collaboration between the World Bank and DPs toward improved service delivery in a complex FCV environment. The Netherlands, Norway, Sweden, and the UK replenished the fund by pledging a record US$78.9 million in FY20 to the PID MDTF, and Italy contributed US$10 million in FY21 in its first-ever contribution to the fund.[40] There were several reasons for the decrease in overall pledges to the PID MDTF between FY20 and FY21, among which we can single out the following:

- The COVID-19 pandemic, which has forced donor countries to launch ambitious domestic relief and stimulus programs that have worsened their fiscal positions significantly, leading to constrained official development assistance (ODA) budgets practically everywhere.
- The general trend that has been observed in recent years toward a reduction in overall development aid to the PA, particularly with regard to general budget support.

The combined impact of these two trends has resulted in a bleak picture with regard to fundraising for the World Bank program in support of the WB&G. According to the World Bank's November 2021 report to the Ad Hoc Liaison Committee (AHLC), donor financing to the PA in calendar year 2021 is projected to amount to US$167 million—one-third of what was received

40 These are approximate figures converted into USD at average exchange rates for comparison purposes. Contributions to the PID MDTF are actually made in the currencies of each donor country—whether AUD, EUR, GBP, DKK, NOK, SEK, or USD—and converted at the time of each payment into USD, the 'holding currency' of the fund.

in 2020.[41] In particular, there was a general reluctance on the part of donors to commit new resources in support of Gaza reconstruction following the May 2021 conflict, in clear contrast to what was seen after previous such incidents like the 2014 war.

Despite this overall trend, the World Bank has not decreased its own contribution to the program through TFGWB, which has stayed the same in FY20, FY21, and the FY22 replenishment that was approved in November 2021, with a US$80 million allocation from IBRD income each year.

We are hoping for a better year in FY22 than in FY21 for the PID MDTF in terms of fundraising, as several new contributions are currently under discussion with donor partners, among which we can highlight the following:

- US$17 million from Denmark, with a preference for LG support through LGSP, the new proposed urban/LG sector engagement.
- EUR 10 million from AFD, with a preference for the water supply sector through the Water Security Development Program in Gaza, Associated Works Project.
- EUR 6 million from the EC, with a preference for the energy sector, through ASPIRE MPA.
- US$2.5 million from the Netherlands, with a preference for the wastewater treatment sector in northern Gaza, through the WMS Project.

If confirmed, the contributions above would amount to approximately US$38 million. While not comparable to FY20, which at US$78 million was PID MDTF's record fundraising year, this figure would be more in line with historical trends than FY21's low tally of US$10 million.

Despite legitimate concerns with regard to the fundraising outlook for the PID MDTF, there are grounds for cautious optimism. With a more positive situation on the public health front and increased economic activity in donor countries as they recover from the pandemic, fiscal space—and ultimately also aid budgets—is expected to recover in donor countries. In the Palestinian context itself, there are some encouraging signs on the political front. If confirmed, this may strengthen commitments on the part of donors as a result of greater overall willingness to contribute to a process that may begin to move in a positive direction after many years of stalemate.

41 Even before the COVID-19 pandemic, ODA to the PA was in steady decline. In 2008, the donors' support to the PA through budget support and development financing amounted to US$2 billion. Since then, the level of ODA has declined almost every year. In 2019, the PA received US$470 million from donors for budget support and development financing – a 77% decline from the 2008 peak.

Annex 1: PA National Development Plan 2021-2023 - National Priorities, Policies, and Policy Interventions

(English translation of NPA is unofficial)

The objectives of the PID MDTF and the projects and programs supported by the MDTF are fully aligned with the NDP, including, but not limited to, the following areas.

Pillar	National Priorities	National Policies	Policy Interventions
Government Reform	Citizen-centered Government	Responsive LG	• Reform and restructure LG and administration. • Decentralize services to LGUs, while building their capability and fiscal capacity to carry out these services. • Expand LGU taxation, revenue raising, and resource management mandates. • Develop an effective system of intergovernmental transfers.
		Improving Services to Citizens	• Develop and implement a government-wide service improvement strategy. • Strengthen integrated service delivery in partnerships with the private sector and civil society. • Develop and implement an e-government strategy, focusing on the delivery of online services to citizens.
		Reforming and Developing Land Administration	• Complete land registration, settle immovable properties, and protect titles. • Improve the efficiency and effectiveness of land tractions and regulate the real estate market.
	Effective Government	Strengthening Integrity Accountability and Transparency	• Strengthen transparency in government, including the approval and implementation of access to information legislation. • Strengthen the role of financial and administrative audit institutions.
		Effective, Efficient Public Institutions	• Ensure fiscal sustainability and improve PFM. • Reform and restructure the WB&G's public institutions to increase efficiency and improve service quality. • Strengthen results-based management and integrated planning and budgeting. • Establish the WB&G's utilities, prioritizing the electricity and water sectors. • Strengthen capacity for disaster response and crisis management.

Pillar	National Priorities	National Policies	Policy Interventions
Sustainable Development	Economic Independence	Cluster Development	• Design and implement in economy-vital infrastructure projects (particularly airport, seaport, industrial parks transportation, telecom, water and electricity networks). • Bridge the West Bank-Gaza development gap. • Rebuild and develop productive sectors focusing on manufacturing, agriculture, and tourism clusters.
	Resilient Communities	Meeting the Basic Needs of Our Communities	• Expand community access to clean water and sanitation. • Expand community access to reliable energy. • Improve public transportation and road safety.
		Ensuring a Sustainable Environment	• Expand SWM and recycling. • Expand wastewater management, treatment, and reuse. • Manage, protect, and promote sustainable use and conservation of natural resources (land, water, and energy). • Increase energy efficiency and reliance on renewable energy. • Adapt to climate change and mitigate GHG emissions • Promote integrated solid and hazardous waste management and recycling.

Annex 2: PID MDTF Results Matrix as of June 30, 2021

Results Matrix - Active Projects					
Result Indicators	**Unit of Measure**	**Baseline**	**Previous[a]**	**Current**	**End Target**
Improve the quality of bulk water supplied to the Municipalities served in the project areas and support the continuous operation of the North Gaza Wastewater Management Facilities (NGWMF)					
Strengthening the capacity of the PWA to improve the quality and availability of bulk water					
The Gaza Bulk Water Supply Unit (BWSU) is established and operational (AWP-I)	Yes/No	No	No	No	Yes
Bulk water supplied by the BWSU to benefiting municipalities (AWP-I)	Volume in m^3	0	0	0	30,000,000
Bulk water samples meeting the quality standards set by the WHO for potable water (AWP-I)	Percentage	0	0	0	95
BWSU bulk water quality report published biannually by PWA (AWP-I)	Yes/No	No	No	No	Yes
National Service Provider Improvement Program is designed and approved (AWP-I)	Yes/No	No	No	No	Yes
Supporting the continuation of wastewater treatment services and strengthening the capacity of wastewater management services in North Gaza.					
Monthly volume of wastewater arriving at the TPS that is treated (WMS Project)	Percentage	70	70	90	90
Average O&M costs of the NGWMF per month (WMS Project)	Amount (US$)	277,000	277,0000	152,600	136,000
Enhance the institutional capacity of Local Government Units and strengthen the local government financing system for more accountable and sustainable service delivery					
Improving local service delivery					
People provided with improved living conditions and access to improved services (50% of which female beneficiaries) (MDP-3 and LGSIP)[b]	Number	0	892,548	936,129	850,000
People benefitting from improved solid waste disposal services in Gaza (Khan Younis, Rafah, and Middle Gaza) (GSWMP)	Number	0	917,000	921,400	948,000

Results Matrix - Active Projects					
Result Indicators	**Unit of Measure**	**Baseline**	**Previous[a]**	**Current**	**End Target**
Enhancing performance of local government sector institutions					
Municipalities that move up one rank in the performance assessment system (MDP-3)	Number	0	61	61	80
Municipalities with operational and enterprise surplus and no increase in arrears (MDP-3)	Number	40	61	61	70[c]
VCs receiving transparent and predictable Annual Capital Grants (LGSIP)	Percentage	0	76.40	76.40	70
Strengthening good governance in the local government sector					
Municipalities with public disclosure of executed budget and executed Strategic Development and Investment Plans (MDP-3)	Number	0	140	140	100
Beneficiaries that feel Program investments reflected their needs (LGSIP)	Percentage	0	74	74	75
Beneficiaries satisfied with municipal subprojects executed under MDP-3 (MDP-3)	Percentage	0	85	85	80
VCs submitting their annual budget to the MoLG electronically on time and have disclosed budgets publicly (LGSIP)	Percentage	1	76.4	76.4	60
Municipalities with functional complaint system (MDP-3)	Number	22	113	113	100
Emergency COVID-19 Municipal Response					
Direct beneficiaries under the Emergency COVID-19 response (MDP-3)	Number	0	—	0	200,000
Beneficiaries satisfied with the impact achieved under the Emergency COVID-19 response (MDP-3)	Percentage	0	—	0	70
Paid working days created through the labor-intensive public works (LIPW) interventions supported under the Emergency COVID-19 response (MDP-3)	Number	0	—	0	522,500
Municipalities that prepared crisis management and resilience plans (MDP-3)	Number	0	—	0	20
Funds under Contingency Emergency Response Component allocated toward subprojects that will benefit women (MDP-3)	Percentage	0	—	0	10

Results Matrix - Active Projects					
Result Indicators	**Unit of Measure**	**Baseline**	**Previous[a]**	**Current**	**End Target**
Enhance tenure security and improve real estate registration services					
Enhancing tenure security					
Properties in target areas with final ownership rights registered (RERP)	Number	0	0	0	350,000
Improve real estate registration services					
Time to register property rights under the SLR process reduced (RERP)	Months	7.5	7.5	7.5	4.5
Satisfaction of beneficiaries with respect to real estate registration services improved (RERP)	Percentage	0	0	0	70
Enhance institutional capacity of the energy sector, improve efficiency of the distribution system in targeted areas, and pilot a new business model for solar energy service delivery in Gaza					
Enhancing operational performance of electricity sector institutions					
Palestinian Electricity Transmission Company Ltd. collection rate (ESPIP)	Percentage	0	100	100	90
DISCOs with fully operational Management Information Systems (ESPIP)	Number	0	0	0	5
Rate of response to grievances received related to the project (ESPIP)	Percentage	0	100	100	100
Substation operationalized (ASPIRE MPA Phase I)	Yes/No	No	No	Yes	Yes
Improving financial performance of electricity sector institutions					
Share of electricity sector net-lending in West Bank (ASPIRE MPA Phase1)	Percentage	30	30	30	15
Audits completed by Palestinian Electricity Regulatory Council (ESPIP)	Number	0	0	0	2
Diversifying energy sources					
Total installed rooftop solar PV systems in Gaza (ESPIP)	Number	0	7	19	150

Note: a. The results in the 'Previous' column indicate the ones reported in the FY20 PID MDTF Annual Report (July 1, 2019 to June 30, 2020).
b. MDP 500,000 + LGSIP 350,000.
c. The end target was scaled down from 80 to 70 as part of the second restructuring that was approved on March 5, 2021. New data will be generated from performance assessment by the MDLF at the end of the second cycle that is currently under implementation.

Annex 3: Project Results Report as of June 30, 2021

Water Sector

AWP-I – Water Security Development - Gaza Central Desalination Program – Associated Works Phase I Project

Project	Project ID	Grant No.	Net Commitment Amount (US$, millions)	Total Disbursement (US$, millions)	Closing Date	Overall Implementation Progress	Rating towards Achievements of PDO
Basic Info with key dates	P168739	TF0B2334 TF0B2456	57.00 M	3.77 M	31/12/2024	MS	S
Project Development Objectives	The Project Development Objective (PDO) is to improve the quality and quantity of bulk water supplied to the municipalities served in the project area and to strengthen the capacity of the Palestinian Water Authority.						

Project Development Objective Indicators

Strengthen the capacity of PWA to improve the quality and availability of bulk water				
• The Gaza BWSU is established and operational (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	16-Aug-2019	30-Apr-2021	30-Apr-2021	31-Aug-2023
Comments:	The Gaza BWSU is formally created, integrated in PWA's organizational structure and is fully staffed			
• Volume of bulk water supplied by the BWSU to benefiting municipalities (Cubic Meter(m3), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	30,000,000.00
Date	16-Apr-2019	30-Apr-2021	30-Apr-2021	31-Dec-2024

Comments:	Water blended from the two STLVs (4.7 MCM/year) and water purchased from Mekorot (10 MCM/year) with brackish ground water (15.3 MCM/year)			
• Percentage of bulk water samples meeting the quality standards set by WHO for potable water (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	95.00
Date	19-Apr-2019	30-Apr-2021	30-Apr-2021	30-Jun-2024
Comments:	95% of Daily tests conducted in blending reservoirs should meet the recommended WHO guidelines of 400 mg/l of salinity			
• BWSU bulk water quality report published biannually by PWA (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	16-Aug-2019	30-Apr-2021	30-Apr-2021	31-Aug-2023
Comments:	PWA publishes bulk water quality reports biannually since the establishment of the Gaza BWSU to the closure of the project			
• National Service Provider Improvement Program (NSPIP) is designed and approved (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	16-Aug-2019	30-Apr-2021	30-Apr-2021	31-Aug-2023

Overall Comments

There is limited progress on the indicators as of today apart from the connection line to the Mekorot line to allow for water from Israel to flow (which is expected in the next few months) and in addition we expect the indicator on the establishment of the Gaza BWSU and the NSPIP indicator to start show progress in the next year.

Note: Link to latest ISR: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/173931635790646031/disclosable-version-of-the-isr-water-security-development-gaza-central-desalination-program-associated-works-phase-i-project-p168739-sequence-no-04

WMS Project – Wastewater Management Sustainability Project

Project	Project ID	Grant No.	Net Commitment Amount (US$, millions)	Total Disbursement (US$, millions)	Closing Date	Overall Implementation Progress	Rating towards Achievements of PDO
Basic Info with key dates	P172578	TF0B2735 TF0B2694	13.70 M	2.02 M	30/06/2024	S	S
Project Development Objectives	The Project Development Objective (PDO) are to: (i) support the continuation of wastewater treatment services in North Gaza; and (ii) strengthen the capacity of the water institutions to efficiently manage wastewater services.						

Project Development Objective Indicators

Maintain the continuous operation of the NGWMF				
• Percentage of quality control tests that comply with applicable environmental standards for WWTPs effluent discharges (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	80.00	80.00	90.00	90.00
Date	16-Feb-2020	09-Mar-2021	31-Aug-2021	21-May-2024
Comments:	This indicator refers to the percentage of quality control tests that comply with applicable environmental standards for WTPs effluent discharge and reuse in irrigation as set by the Palestinian environmental standards. The target is set at 90% which is considered good practice. The intermediate and end targets are the same (90%) because if this is maintained at that rate for four years it means that the NGWMF is operating adequately and continuously			
• Number of people benefiting from improved sanitation services (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	368,000.00	368,000.00	368,000.00	368,000.00
Date	13-Feb-2020	09-Mar-2021	16-Sep-2021	21-May-2024

Comments:	This indicator covers both the population that is connected to a sewer system and is directly beneffiting from the NGWMF treatment services, but also the total population of the four North Gaza municipalities which are benfitting from improved health and environmental conditions due to the continuous operations of the NGWMF. According to the latest census the total population of the four north Gaza municipalities is 368000 inhabitants. If this number is kept constant during the four years of implementation it means that the NGWMF is operating adequately and continuously			
• Number of female beneficiaries (Number, Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	181,000.00	181,000.00	181,000.00	181,000.00
Date	13-Mar-2020	09-Mar-2021	16-Sep-2021	21-May-2024
Improve technical capacity of wastewater management services in North Gaza				
• Percentage of the monthly volume of wastewater arriving at the TPS that is treated (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	70.00	90.00	88.00	90.00
Date	17-Feb-2020	09-Mar-2021	31-Aug-2021	21-May-2024
Comments:	This indicator measures the ability of the EQ pond and emergency overflow pond to retain excess wastewater safely to then pump it to the WWTP, as well as the integrated management of both the TPS and WWTP			
Improve the institutional capacity of wastewater management services in North Gaza				
• NGWMF O&M function integrated (or mainstreamed) into the CMWU (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	13-Feb-2020	09-Mar-2021	16-Sep-2021	21-May-2024
Comments:	CMWU has met the requirements to take over the operation of the NGWMF once it has met the fiduciary actions established in the PAD, it has been reorganized and is functioning as a utility as established in its business plan, and has the capacity to oversight the O&M team for the NGWMF. This will be monitored throughout project implementation.			

Improve financial capacity of wastewater management services in North Gaza				
• Percentage of the O&M costs that are covered by municipal transfers to the CMWU (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	20.00
Date	26-Mar-2020	09-Mar-2021	16-Sep-2021	21-May-2024
Comments:	As a baseline, municipalities served by the NGWMF are currently not financially covering (nor partially) the O&M costs of the NGWMF. As a result of the service agreements to be facilitated through component 3, municipalities will gradually start contributing to the overall O&M costs of the NGWMF (10 percent in year 2, 15 percent in year 3 and 20 percent in year 4). Setting up the mechanism for municipal contributions is already an important result in itself and sets the basis for partial cost-recovery, which in the medium to longer term strengthens the financial capacity of the sector. The municipal contributions could be deposited in a special account (escrow account) during the project duration and will become available to the CMWU to finance the O&M of the NGWMF, once the O&M responsibilities are transferred to them (to be further assessed during implementation).			
• Average O&M costs of the NGWMF per month in USD (Amount(USD), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	277,000.00	152,600.00	126,400.00	136,000.00
Date	20-Feb-2020	09-Mar-2021	31-Aug-2021	21-May-2024
Comments:	This is a proxy measure of the reduction in O&M costs referenced at the baseline year, taking into account unit costs of all inputs. The indicator reflects efficiency gains due to the biogas generator beginning operation in the second year, PV panels starting operation in the fourth year covering all the NGWMF electricity needs and any efficiency gains due to better operational practices.			

Note: Link to latest ISR: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/901631632168777741/disclosable-version-of-the-isr-wastewater-management-sustainability-project-p172578-sequence-no-03

Urban Sector

MDP-3 – Third Municipal Development Project

Project	Project ID	Grant No.	Net Commitment Amount (US$, millions)	Total Disbursement (US$, millions)	Closing Date	Overall Implementation Progress	Rating towards Achievements of PDO
Basic Info with key dates	P159258	TF0A4800 TF0A6154 TF0B0101 TF0A8699	76.00 M	59.22 M	28/02/2023	MS	MS
Project Development Objectives	The Project Development Objective (PDO) is to enhance the institutional capacity of municipalities in the West Bank and Gaza for more accountable and sustainable service delivery.						

Project Development Objective Indicators

Strengthened municipal institutions				
• Number of municipalities that move up one rank in the performance assessment system (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	61.00	61.00	80.00
Date	01-Sep-2017	15-Feb-2021	15-Feb-2021	28-Feb-2023
Comments:	The PDO indicator measures number of municipalities that move up one rank in performance. The ranking system has 10 ranks based on 4 categories (D, C, B and A) with 21 KPIs from D to A++. The end target was scaled down from 100 to 80 as part of the second restructuring that was approved on March 5, 2021. New data will be generated from performance assessment by MDLF at the end of the second cycle that is currently under implementation.			

Accountable and responsive service delivery				
• People provided with improved urban living conditions (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	469,425.00	469,425.00	500,000.00
Date	01-Sep-2017	15-Feb-2021	15-Feb-2021	28-Feb-2022
Comments:	MDLF will report an updated figure at the end of the second cycle that is currently under implementation.			
• Female beneficiaries (Number, Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	229,810.00	229,810.00	Yes
Date	01-Sep-2017	15-Feb-2021	15-Feb-2021	21-May-2024
Comments:	CMWU has met the requirements to take over the operation of the NGWMF once it has met the fiduciary actions established in the PAD, it has been reorganized and is functioning as a utility as established in its business plan, and has the capacity to oversight the O&M team for the NGWMF. This will be monitored throughout project implementation.			
• Municipalities with public disclosure of executed budget and executed SDIP (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	140.00	140.00	100.00
Date	01-Sep-2017	15-Feb-2021	15-Feb-2021	28-Feb-2022
Comments:	New data will be generated from performance assessment by MDLF at the end of the second cycle that is currently under implementation. So far, the project exceeded its mid-term target of 50 municipalities. The mission expects that the end-of-project target will be reached under current project design.			

Financially sustainable municipalities				
• Number of municipalities with operational and enterprise surplus and no increase in arrears (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	40.00	61.00	61.00	70.00
Date	01-Sep-2017	15-Feb-2021	15-Feb-2021	28-Feb-2023
Comments:	The end target was scaled down from 80 to 70 as part of the second restructuring that was approved on March 5, 2021. New data will be generated from performance assessment by MDLF at the end of the second cycle that is currently under implementation			

Note: Link to latest ISR: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/928241631733293873/disclosable-version-of-the-isr-gȝ-third-municipal-development-project-p159258-sequence-no-08

GSWMP – Gaza Solid Waste Management Project

Project	Project ID	Grant No.	Net Commitment Amount (US$, millions)	Total Disbursement (US$, millions)	Closing Date	Overall Implementation Progress	Rating towards Achievements of PDO
Basic Info with key dates	P121648	TF016835	13.25 M	9.71 M	30/06/2022	S	S
Project Development Objectives	The Project Development Objective (PDO) is to improve solid waste management services in the Gaza Strip.						

Project Development Objective Indicators

Improve solid waste management services in the Gaza Strip through more efficient solid waste systems				
• Percentage increase in fees collected annually within the JSC towards cost recovery (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	81.50	70.00	60.00
Date	16-Jul-2014	22-Feb-2021	16-Sep-2021	30-Jun-2022
Improve solid waste management in the Gaza Strip through more environmentally sound SW systems				
• Contaminated land managed or dump-sites closed under the project (Hectare(Ha), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	10.00	10.00	10.00
Date	15-Dec-2017	09-Dec-2019	09-Dec-2019	30-Jun-2022
• Solid Waste collected from the targeted populations, disposed in a new sanitary landfill developed under the project (Percentage, Custom)				

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	94.16	96.02	80.00
Date	09-Jul-2014	22-Feb-2021	16-Sep-2021	30-Jun-2022
Improve solid waste management in the Gaza Strip through more socially sound SW systems				
• Wastepickers whose lives depend on the existing SW context integrated into inclusion programs (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	16.00	16.00	16.00
Date	20-Dec-2017	18-Feb-2019	18-Feb-2019	30-Jun-2022
• Direct project beneficiaries (number) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	921,400.00	940,000.00	948,000.00
Date	15-May-2014	22-Feb-2021	16-Sep-2021	30-Jun-2022
• Female beneficiaries (Percentage, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	49.00	49.00	49.00

Note: Link to latest ISR: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/385951633319377368/disclosable-version-of-the-isr-gaza-solid-waste-management-project-p121648-sequence-no-16

LGSIP – Local Governance and Services Improvement Program

Project	Project ID	Grant No.	Net Commitment Amount (US$, millions)	Total Disbursement (US$, millions)	Closing Date	Overall Implementation Progress	Rating towards Achievements of PDO
Basic Info with key dates	P148896	TF0A1039 TF0A4511	18.00 M	18.00 M	31/12/2021	MS	S
Project Development Objectives	The Project Development Objective (PDO) of the proposed program is to strengthen the local government financing system and improve local service delivery in Program villages.						

Project Development Objective Indicators

Strengthen local government financing system and improve local service delivery in Program villages				
• PDO indicator 1: VCs receiving transparent and predictable Annual Capital Grants (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	76.40	76.40	70.00
Date	16-Sep-2015	26-Apr-2021	26-Apr-2021	31-Dec-2020
• PDO indicator 2: Timely communication to VCs of the formula based Annual Capital Investment Grant (ACIG) allocations and timely transfer of ACIGs to eligible VCs (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	Yes	Yes	Yes
Date	16-Sep-2015	26-Apr-2021	26-Apr-2021	31-Dec-2020
• PDO indicator 3: People benefiting from improved service delivery in Program villages (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target

Value	0.00	466,704.00	466,704.00	350,000.00
Date	16-Sep-2015	26-Apr-2021	26-Apr-2021	31-Dec-2020
• PDO indicator 4: Beneficiaries that feel Program investments reflected their needs (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	74.00	74.00	75.00
Date	16-Sep-2015	26-Apr-2021	26-Apr-2021	31-Dec-2020
Comments	The result reflects the finding of the midterm review Beneficiary Impact Assessment (BIA). The result against the end target is expected to be delivered in September 2021 based on the findings of the end of Program BIA that is currently ongoing.			

Note: Link to latest ISR: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/385951633319377368/disclosable-version-of-the-isr-gaza-solid-waste-management-project-p121648-sequence-no-16

RERP – Real Estate Registration Project

Project	Project ID	Grant No.	Net Commitment Amount (US$, millions)	Total Disbursement (US$, millions)	Closing Date	Overall Implementation Progress	Rating towards Achievements of PDO
Basic Info with key dates	P168576	TF0B0351 TF0B0358 TF0B0359	12.60 M	0.68 M	30/11/2023	MS	MS
Project Development Objectives	The Project Development Objective (PDO) is to enhance tenure security and improve real estate registration services.						

Project Development Objective Indicators

Enhanced tenure security				
• Properties in target areas with final ownership rights registered (Number, Custom, PBC)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	350,000.00
Date	31-May-2019	22-Mar-2021	21-Sep-2021	30-Nov-2023
Comments:	Data for this indicator will be recorded upon the completion of the SMP and the identification of eligible properties.			
• Properties in target areas with final ownership rights registered (female) (Percentage, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	30.00
Improved real estate registration services				
• Time to register property rights under the SLR process reduced (Months, Custom)				

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	7.50	7.50	7.50	4.50
Date	31-May-2019	22-Mar-2021	21-Sep-2021	30-Nov-2023
Comments:	The development of a PMIS and Workflow Management System for the LWSC is underway, which will contribute to hastening the time needed for registration.			

- Satisfaction of beneficiaries with respect to real estate registration services improved (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	70.00
Date	31-May-2019	22-Mar-2021	21-Sep-2021	30-Nov-2023
Comments:	Satisfaction survey not yet due.			

- Satisfaction of women who are project beneficiaries with respect to real estate registration services is improved (Percentage, Custom Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	70.00

Note: Link to latest ISR: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/428071633592577081/disclosable-version-of-the-isr-real-estate-registration-project-p168576-sequence-no-05

Energy Sector

ESPIP – West Bank and Gaza Electricity Sector Performance Improvement Project

Project	Project ID	Grant No.	Net Commitment Amount (US$, millions)	Total Disbursement (US$, millions)	Closing Date	Overall Implementation Progress	Rating towards Achievements of PDO
Basic Info with key dates	P148600	TF0A5065 TF0A9136 TF0A5078 TF0A9139	23.00 M	5.74 M	20/12/2023	MS	S
Project Development Objectives	The Project Development Objective (PDO) is to enhance institutional capacity of the energy sector, improve efficiency of the distribution system in targeted areas, and pilot a new business model for solar energy service delivery in Gaza.						

Project Development Objective Indicators

Improve operational performance of Electricity Sector Institutions				
• PETL collection rate (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	100.00	100.00	90.00
Date	03-Jul-2017	17-Dec-2020	21-Jun-2021	20-Dec-2023
Comments:	Collection rate is defined as the Total collected revenue against the Total billed revenue by PETL.			
• Electricity losses per year in West Bank DISCOs (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	23.00	21.00	21.00	19.00

Date	03-Jul-2017	17-Dec-2020	21-Jun-2021	20-Dec-2023
Pilot a new business model for solar energy in Gaza				
• Lessons learned report (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1.00	1.00	3.00
Date	03-Jul-2017	17-Dec-2020	21-Jun-2021	20-Dec-2023
• Total installed rooftop solar PV systems (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	7.00	19.00	150.00
Date	03-Jul-2017	17-Dec-2020	21-Jun-2021	20-Dec-2023
• Installed solar PV systems for SMEs (Number, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	50.00
• Satisfaction of women who are project beneficiaries with respect to real estate registration services is improved (Percentage, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	2.00	15.00

Note: Link to the latest ISR: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/833441624435135346/disclosable-version-of-the-isr-west-bank-and-gaza-electricity-sector-performance-improvement-project-p148600-sequence-no-08

ASPIRE MPA – Advancing Sustainability in Performance, Infrastructure, and Reliability of the Energy Sector in the West Bank and Gaza

Project	Project ID	Grant No.	Net Commitment Amount (US$, millions)	Total Disbursement (US$, millions)	Closing Date	Overall Implementation Progress	Rating towards Achievements of PDO
Basic Info with key dates	P170928	TF0B3015 TF0B3036	63.00 M	3.15 M	31/12/2024	S	S
Project Development Objectives	The Project Development Objective (PDO) is to improve operational and financial performance of electricity sector institutions and diversification of energy sources in the West Bank and Gaza.						

Project Development Objective Indicators

PrDO2 and Phase1-PDO2: Improve financial performance of electricity sector institutions				
• Share of electricity sector net-lending in West Bank (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	30.00	30.00	30.00	15.00
Date	25-Sep-2019	15-Mar-2021	20-Sep-2021	30-Jun-2027
Comments:	'Net-lending' is a mechanism by which payments due to Israel Electricity Corp are deducted from the clearance revenue mechanism. While the mechanism works for both W. Bank and Gaza. This indicator focuses on W. Bank.			

PrDO1 and Phase1-PDO1: Improve operational performance of electricity sector institutions				
• Non-technical losses West Bank (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	11.00	11.00	11.00	6.00

Date	25-Sep-2019	15-Mar-2021	20-Sep-2021	30-Jun-2028
Comments:	Average based on non-technical losses recorded for each distribution company in West Bank.			
• Non-technical losses Gaza (Percentage, Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	20.00	20.00	20.00	15.00
Date	30-Sep-2019	15-Mar-2021	20-Sep-2021	30-Jun-2027
PrDO3 and Phase1-PDO3: Diversification of energy sources				
• Electricity supply from imports (Megawatt, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	36.00	36.00	36.00	3.00
Date	26-Sep-2019	15-Mar-2021	20-Sep-2021	20-Dec-2023
Comments:	This indicator refers only to import from Jordan during Phase 1.			
• Installed capacity from new IPPs in West Bank and Gaza (Megawatt, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	100.00
Date	25-Sep-2019	15-Mar-2021	20-Sep-2021	30-Jun-2027
Comments:	Installed capacity (MW) from new IPPs			

Note: Link to the latest ISR: https://documents1.worldbank.org/curated/en/856901634303722244/pdf/Disclosable-Version-of-the-ISR-Advancing-Sustainability-in-Performance-Infrastructure-and-Reliability-of-the-Energy-Sector-in-the-West-Bank-and-Gaza-P170928-Sequence-No-03.pdf

Annex 4: TF Financial Contributions as of June 30, 2021 (Pledged and Received)

June 2021		Pledged to Date - TF071898 (in millions)					
Contributors	Currency	Pledged		Paid in to Date		Receivables	
		Pledge Currency	USD	Paid-in Currency	USD	Pledge Currency	USD
Croatia	USD	0.2	0.2	0.2	0.2	0.00	0.0
Sweden	SEK	310.0	40.3	310.0	40.3	0.00	0.0
Denmark	DKK	220.0	37.9	220.0	37.9	0.00	0.0
Finland	EUR	8.7	10.6	8.7	10.6	0.00	0.0
France	EUR	3.5	4.4	3.5	4.4	0.00	0.0
Netherlands	USD	4.0	4.0	4.0	4.0	0.00	0.0
Norway	NOK	73.0	9.8	73.0	9.8	0.00	0.0
Portugal	EUR	0.2	0.2	0.2	0.2	0.00	0.0
Total (USD)			**107.3**		**107.3**		**0.00**

June 2021		Pledged to Date - TF072778 (in millions)					
Contributors	Currency	Pledged		Paid in to Date		Receivables	
		Pledge Currency	USD	Paid-in Currency	USD	Pledge Currency	USD
Croatia	USD	0.0	0.0	0.0	0.0	0.0	0.0
Sweden	SEK	318.0	36.3	278.0	31.6	40.0	4.7
Denmark	DKK	140.0	22.0	140.0	22.0	0.0	0.0
Finland	EUR	2.3	2.4	2.3	2.4	0.0	0.0
France	EUR	0.0	0.0	0.0	0.0	0.0	0.0
Netherlands	USD	10.1	10.1	6.2	6.2	3.9	3.9
Norway	NOK	327.0	37.4	218.2	25.0	108.8	12.4
Portugal	EUR	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	GBP	38.0	50.4	30.3	39.7	7.7	10.6
Australia	AUD	10.0	6.8	10.0	6.8	0.0	0.0
Italy	EUR	8.0	9.6	5.0	6.1	3.0	3.6
Total (USD)			**175.1**		**140.0**		**35.1**

Annex 5: Distribution of Commitments between the Gaza Strip and the West Bank

(as of June 30, 2021)

Of a total of US$161 million in active commitments of PID MDTF funds, US$71 million—equivalent to 44 percent—has been committed for the West Bank and US$90 million—56 percent—for the Gaza Strip. This distribution reflects the FY20 approval of important water sector investments (AWP-I and WMS Project) in Gaza, which changed the earlier pattern that had seen a prevalence of PID MDTF co-financing going to the West Bank.

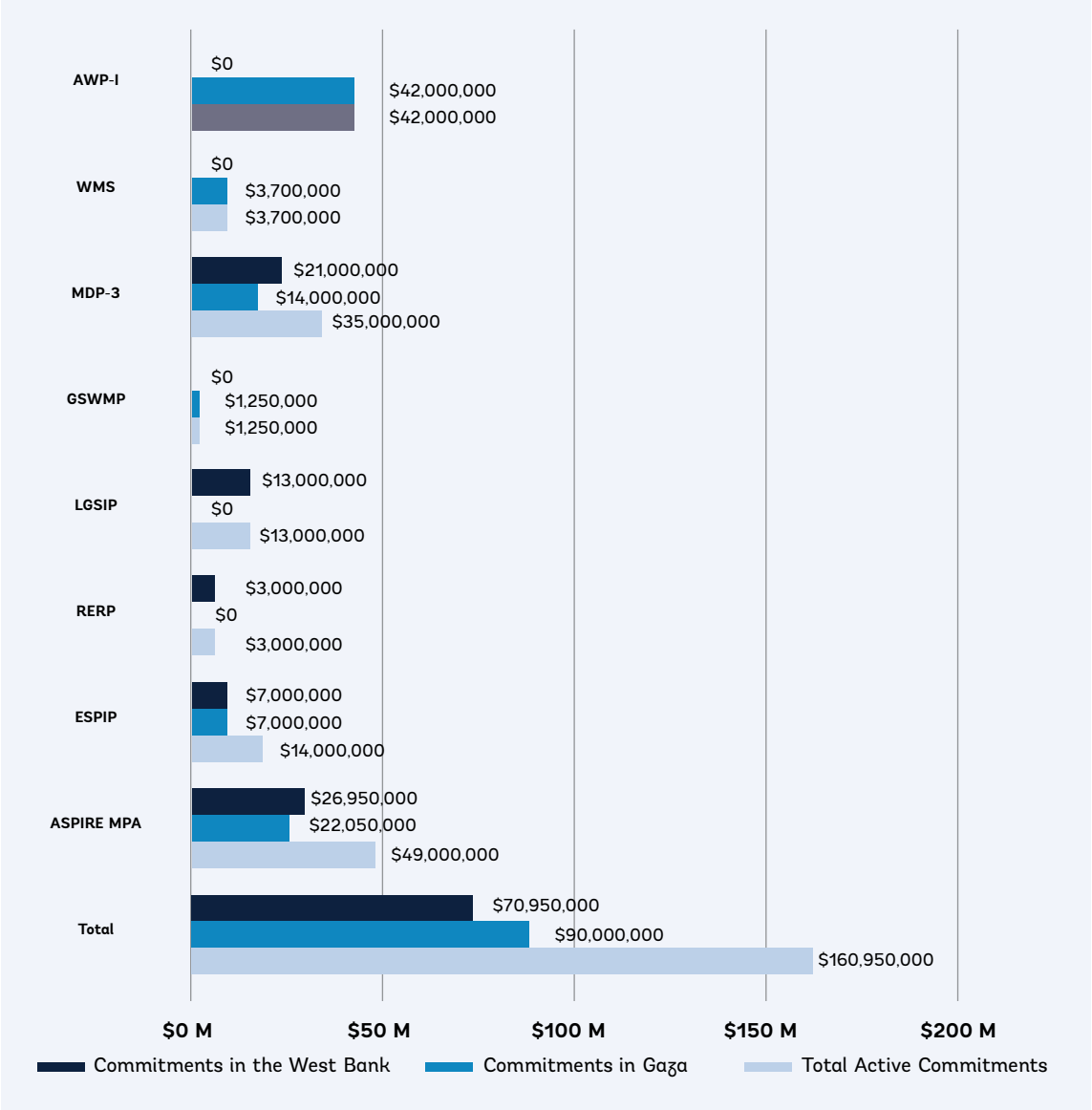
In the water sector, the two water projects—AWP-I (US$42 million) and the WMS Project (US$3.7 million)—have focused primarily on sustaining and improving service delivery in the water supply and wastewater management sectors in Gaza. Even though both projects provide support to reforms and institutional development, which also include the West Bank, the investment operations are mostly focused on Gaza. In the urban and land sectors, of the current co-financing committed to MDP-3—US$35.0 million—which includes an additional US$10 million for the AF for COVID-19 Response approved in FY21, around US$21.0 million (60%) has been committed to the West Bank, as opposed to US$14.0 million (40%) in Gaza. LGSIP and RERP—in the amount of US$13.0 million and US$3.0 million, respectively—are fully focused on the West Bank, while GSWMP and its AF—in the amount of US$1.25 million—are designed to improve SWM services in the Gaza Strip only. In the energy sector, the amount of US$14.0 million for ESPIP has been equally distributed between the Gaza Strip and the West Bank to support the Palestinian energy sector institutions. Additionally, the newly approved ASPIRE MPA Phase I has distributed 45 percent (US$22 million) of the total PID MDTF commitment of US$49 million for Gaza and 55 percent (US$27 million) for the West Bank to improve operational and financial performance of electricity sector institutions and promote diversification of energy sources both in Gaza and the West Bank. This distribution is reflected in Table 17 and Figure 21.

Table 17: Distribution of PID MDTF Commitments between the Gaza Strip and the West Bank by Active Project (US$)

Project	Commitments in the West Bank	Commitments in Gaza	Total Active Commitments
Water Sector			
AWP-I	0	42,000,000	42,000,000
WMS Project	0	3,700,000	3,700,000
Urban and Land Sectors			
MDP-3	21,000,000	14,000,000	35,000,000
GSWMP	0	1,250,000	1,250,000
LGSIP	13,000,000	0	13,000,000
RERP	3,000,000	0	3,000,000

Energy Sector			
ESPIP	7,000,000	7,000,000	14,000,000
ASPIRE MPA	26,950,000	22,050,000	49,000,000
Total	**70,950,000**	**90,000,000**	**160,950,000**
Percentage	**44.1%**	**55.9%**	

Figure 21: Distribution of PID MDTF Commitments between the Gaza Strip and the West Bank by Active Project

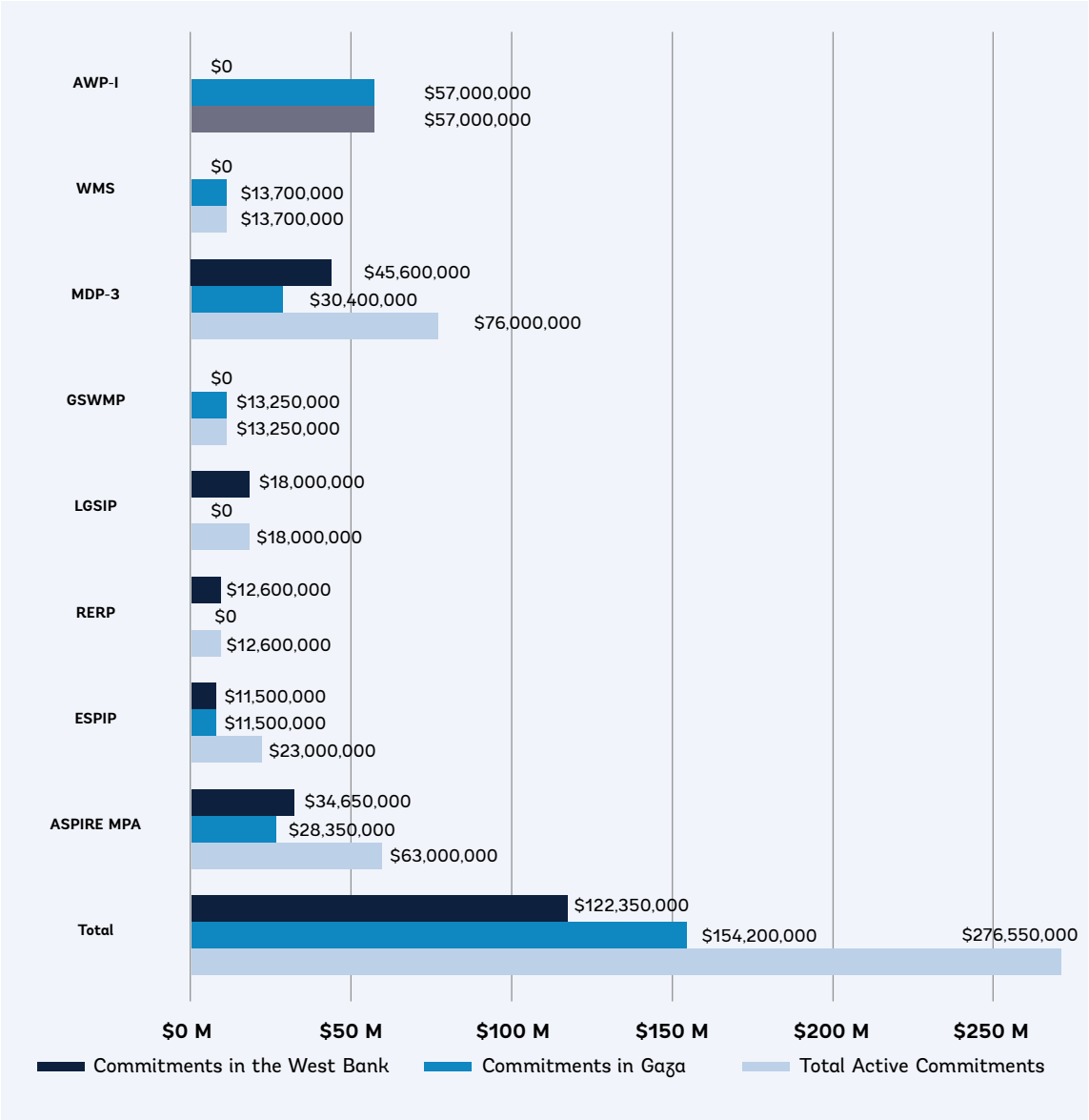


The trend toward a slightly higher proportion of the investments going to Gaza also appears even when the TFGWB financing is considered. Funding in the total amount of US$276.6 million shown in Table 18 includes (a) TFGWB financing, (b) co-financing from PID MDTF, and (c) other World Bank TFs, such as the GPRBA for GSWMP AF and RERP. Approximately 44.2 percent of total financing—US$122.4 million—has been committed to the West Bank, and 55.8 percent—US$154.2 million—to the Gaza Strip.

Table 18: Distribution of Total World Bank Funding Commitments between the Gaza Strip and the West Bank by Active Project (US$)

Project	Commitments in the West Bank	Commitments in Gaza	Total Active Commitments
Water Sector			
AWP-I	0	57,000,000	57,000,000
WMS Project	0	13,700,000	13,700,000
Urban Sector			
MDP-3	45,600,000	30,400,000	76,000,000
GSWMP	0	13,250,000	13,250,000
LGSIP	18,000,000	0	18,000,000
RERP	12,600,000	0	12,600,000
Energy Sector			
ESPIP	11,500,000	11,500,000	23,000,000
ASPIRE MPA	34,650,000	28,350,000	63,000,000
Total	**122,350,000**	**154,200,000**	**276,550,000**
Percentage of distribution	**44.2%**	**55.8%**	

Figure 22: Distribution of Total Funding Commitments between the Gaza Strip and the West Bank by Active Project



Annex 6: Unaudited Trust Fund Financial Reports: TF071898, TF072778

WORLD BANK GROUP

Partnership for Infrastructure Development in the West Bank and Gaza Multi Donor Trust Fund (WORLD BANK REFERENCE 71898) - Multi Donor Fund

UNAUDITED TRUST FUNDS FINANCIAL REPORT

Expressed in United States Dollars

	07/01/2020 to 06/30/2021	06/04/2012 (date of inception) to 06/30/2021
Receipts (Note 1)		
Cash Contributions	0.00	107,343,830.46
Investment Income (Note 5)	75,187.12	3,577,321.25
Transfers within Hierarchy	0.00	6,512,849.48
Contributions via Transfers	0.00	(6,512,849.48)
Total Receipts	75,187.12	110,921,151.71
Disbursements (Note 1)		
Project Disbursements		
Disbursements to Grantee	(2,598,046.83)	(85,441,418.25)
Direct costs Disbursed by WBG		
Staff Costs (Incl. Benefits) (Note 6)	(561,650.93)	(2,099,200.69)
STC/STT Costs	(337,464.72)	(1,101,762.64)
Total Personnel Costs	(899,115.65)	(3,200,963.33)
Travel expenses	0.00	(269,685.71)
Media workshop	(2,352.63)	(15,274.99)
Contractual services	(29,990.00)	(29,990.00)
Other direct costs	0.00	(561.41)
Total Direct Costs Disbursed by WBG	(931,458.28)	(3,516,475.44)
Total Project Disbursements	(3,529,505.11)	(88,957,893.69)
Non-Project Disbursements		
Administrative fees and expenses(Note 3)	(299,010.54)	(3,112,147.53)
Total Non-Project Disbursements	(299,010.54)	(3,112,147.53)
Total Disbursements	(3,828,515.65)	(92,070,041.22)
Excess of receipts over disbursements / (disbursements over receipts)	(3,753,328.53)	18,851,110.49
Fund Balance		
Beginning of period	22,604,439.02	0.00
End of period	18,851,110.49	18,851,110.49
Fund balance consists of		
Share in pooled cash and investments		18,851,110.49
Undisbursed Commitments as of 10/26/2021 (Note 4)		11,606,952.46

WORLD BANK GROUP

Partnership for Infrastructure Development in the West Bank and Gaza Multi Donor Trust Fund (WORLD BANK REFERENCE 71898) - Multi Donor Fund

UNAUDITED TRUST FUNDS FINANCIAL REPORT

Status	Beneficiary	VPU/Div	TF Hierarchy	TTL Name
Active	WEST BANK& GAZA	MNCA4	Trustee Account	Mr Ivo G.P. Imparato

Contribution details by Donor

Donor	Currency	07/01/2020 to 06/30/2021	06/04/2012 (date of inception) to 06/30/2021
CROATIA MINISTRY OF FOREIGN AND EUROPEAN AFFAIRS	USD	0.00	200,000.00
DANISH MINISTRY OF FOREIGN AFFAIRS (DANIDA)	DKK	0.00	220,000,000.00
FINLAND - MINISTRY FOR FOREIGN AFFAIRS	EUR	0.00	8,650,000.00
FRANCE - AGENCE FRANCAISE DE DEVELOPPEMENT	EUR	0.00	3,500,000.00
NETHERLANDS-MINISTER OF FOREIGN AFFAIRS	USD	0.00	4,000,000.00
NORWAY - MINISTRY OF FOREIGN AFFAIRS	NOK	0.00	73,000,000.00
PORTUGAL - MINISTRY OF FOREIGN AFFAIRS	EUR	0.00	150,000.00
SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY (SIDA)	SEK	0.00	310,000,000.00

Contribution paid-in details by Donor

Donor	Currency	07/01/2020 to 06/30/2021	06/04/2012 (date of inception) to 06/30/2021	06/04/2012 (date of inception) to 06/30/2021 In USD Equivalent
CROATIA MINISTRY OF FOREIGN AND EUROPEAN AFFAIRS	USD	0.00	200,000.00	200,000.00
DANISH MINISTRY OF FOREIGN AFFAIRS (DANIDA)	DKK	0.00	220,000,000.00	37,926,344.64
FINLAND - MINISTRY FOR FOREIGN AFFAIRS	EUR	0.00	8,650,000.00	10,600,228.95
FRANCE - AGENCE FRANCAISE DE DEVELOPPEMENT	EUR	0.00	3,500,000.00	4,390,050.00
NETHERLANDS-MINISTER OF FOREIGN AFFAIRS	USD	0.00	4,000,000.00	4,000,000.00
NORWAY - MINISTRY OF FOREIGN AFFAIRS	NOK	0.00	73,000,000.00	9,772,212.86
PORTUGAL - MINISTRY OF FOREIGN AFFAIRS	USD	0.00	182,835.00	182,835.00
SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY (SIDA)	SEK	0.00	310,000,000.00	40,272,159.01

WORLD BANK GROUP

Partnership for Infrastructure Development in the West Bank and Gaza Multi Donor Trust Fund (WORLD BANK REFERENCE 71898) - Multi Donor Fund

UNAUDITED TRUST FUNDS FINANCIAL REPORT

Disbursement details by Grant

Grant	Grant Name	Executed By	Currency	Grant Amount	07/01/2020 to 06/30/2021	06/04/2012 (date of inception) to 06/30/2021
TF014530	PID MDTF Program and TF Management Fund	Bank	USD	700,000.00	11,216.30	677,476.68
TF015756	Water Sector Capacity Building co-financing fund	Recipient	USD	2,852,451.80	0.00	2,852,451.80
TF016476	Second Municipal Development project	Recipient	USD	25,799,059.71	0.00	25,799,059.71
TF016501	Third Additional Financing for the North Gaza Emergency Sewage Treatment Project	Recipient	USD	5,000,000.00	0.00	5,000,000.00
TF017186	Gaza Sustainable Water Supply Program : Additional Works	Recipient	USD	2,398,161.00	0.00	2,398,161.00
TF017221	NGEST Solar Power Feasibility Study	Bank	USD	149,832.36	0.00	149,832.36
TF018268	Gaza Emergency Water Supply and Sewage Systems Improvement Project Additional Financing	Recipient	USD	8,239,352.30	0.00	8,239,352.30
TF018376	Southern West Bank Solid Waste Management Project	Recipient	USD	1,500,000.00	0.00	1,500,000.00
TF018378	GZ Emergency Response AF MDP-2	Recipient	USD	11,999,000.59	0.00	11,999,000.59
TF019350	Water Sector Capacity Building Fund	Recipient	USD	0.00	0.00	0.00
TF0A1061	Second Municipal Development Project - Additional Financing	Recipient	USD	6,899,292.76	0.00	6,899,292.76
TF0A2807	Project Preparation Grant for ESPIP	Recipient	USD	0.00	0.00	0.00
TF0A3599	Local Government Sector Reform ASA	Bank	USD	1,300,000.00	184,097.79	1,036,600.25
TF0A4202	West Bank & Gaza Energy Sector Programmatic Technical Assistance	Bank	USD	2,000,000.00	356,838.43	1,753,752.56
TF0A4511	Local Governance and	Recipient	USD	13,000,000.00	1,500,000.67	13,000,000.00

WORLD BANK GROUP

Partnership for Infrastructure Development in the West Bank and Gaza Multi Donor Trust Fund (WORLD BANK REFERENCE 71898) - Multi Donor Fund

UNAUDITED TRUST FUNDS FINANCIAL REPORT

Disbursement details by Grant

Grant	Grant Name	Executed By	Currency	Grant Amount	07/01/2020 to 06/30/2021	06/04/2012 (date of inception) to 06/30/2021
	Services Improvement Program (LGSIP)					
TF0A5078	West Bank Gaza Elec. Sector Performance Improvement-ESPIP-P148600-PID MDTF	Recipient	USD	7,000,000.00	534,929.65	3,827,945.56
TF0A7564	Water Security Technical Assistance	Bank	USD	900,000.00	388,619.43	574,387.64
TF0A9136	West Bank Gaza Elec. Sector Performance Improvement-ESPIP-P148600-PID-MDTF-Additional Financing	Recipient	USD	7,000,000.00	363,116.51	863,116.51
TF0B0101	MDP-3 Additional Financing for Emergency Labor-intensive Gaza Municipal Services	Recipient	USD	5,000,000.00	0.00	2,863,038.02
TF0B3584	Additional Finance: Gaza Solid Waste Management RBF Project	Recipient	USD	1,250,000.00	200,000.00	200,000.00
TF0B3943	PID MDTF PROGRAM MANAGEMENT AND ADMINISTRATION	Bank	USD	500,000.00	287,794.24	287,794.24
TF0B6197	Gaza Reconstruction	Bank	USD	300,000.00	1,902.63	1,902.63

Notes:

1. This statement is prepared on the modified cash basis of accounting
2. Other costs (where applicable) represent all disbursements incurred prior to July 2000.
3. Administrative fees are generally collected from the trust fund in the same month in which contributions are received, however for administrative purposes, collection of fees may occur in the month following receipt of the contribution.
4. Amounts committed relate to the amounts yet to be disbursed for active and pending recipient executed grant agreements, undisbursed balance of bank executed trust funds and the administration fees to be deducted.
5. Investment income of this trust fund is credited to TF071898 (Partnership for Infrastructure Development in the West Bank and Gaza Multi Donor Trust Fund) in accordance with administration agreement(s) and hence forms part of the fund balance of this trust fund.
6. Where applicable, amounts displayed against "staff costs (including benefits)","Extended Term

WORLD BANK GROUP

Partnership for Infrastructure Development in the West Bank and Gaza Multi Donor Trust Fund (WORLD BANK REFERENCE 71898) - Multi Donor Fund

UNAUDITED TRUST FUNDS FINANCIAL REPORT

Notes:

Consultants/Temporary costs (ETC/ETT)" costs & "Short Term Consultants/Temporary Costs (STC/STT)" costs include charges to cover the cost of benefits

and general communication facilities and IT costs unless otherwise specified in the Administration Agreement for the Trust Fund.

WORLD BANK GROUP

Partnership for Infrastructure Development in the West Bank and Gaza Multi Donor Trust Fund - Parallel of TF071898 (WORLD BANK REFERENCE 72778) - Multi Donor Fund

UNAUDITED TRUST FUNDS FINANCIAL REPORT

Expressed in United States Dollars

	07/01/2020 to 06/30/2021	12/09/2016 (date of inception) to 06/30/2021
Receipts (Note 1)		
Cash Contributions	30,070,503.13	139,969,213.67
Investment Income (Note 5)	349,138.72	3,222,359.04
Total Receipts	30,419,641.85	143,191,572.71
Disbursements (Note 1)		
Project Disbursements		
Disbursements to Grantee	(9,599,947.50)	(27,325,776.96)
Direct costs Disbursed by WBG		
Staff Costs (Incl. Benefits) (Note 6)	(320,954.30)	(794,509.71)
ETC/ETT Costs	(15,509.23)	(18,823.87)
STC/STT Costs	(92,466.86)	(323,584.75)
Total Personnel Costs	(428,930.39)	(1,136,918.33)
Travel expenses	0.00	(101,783.54)
Media workshop	0.00	(3,466.43)
Other direct costs	0.00	(1,386.38)
Total Direct Costs Disbursed by WBG	(428,930.39)	(1,243,554.68)
Total Project Disbursements	(10,028,877.89)	(28,569,331.64)
Non-Project Disbursements		
Administrative fees and expenses(Note 3)	(2,508,000.00)	(5,607,999.96)
Total Non-Project Disbursements	(2,508,000.00)	(5,607,999.96)
Total Disbursements	(12,536,877.89)	(34,177,331.60)
Excess of receipts over disbursements / (disbursements over receipts)	17,882,763.96	109,014,241.11
Fund Balance		
Beginning of period	91,131,477.15	0.00
End of period	109,014,241.11	109,014,241.11
Fund balance consists of		
Share in pooled cash and investments		109,014,241.11
Undisbursed Commitments as of 10/26/2021 (Note 4)		101,188,406.39

WORLD BANK GROUP

Partnership for Infrastructure Development in the West Bank and Gaza Multi Donor Trust Fund - Parallel of TF071898 (WORLD BANK REFERENCE 72778) - Multi Donor Fund

UNAUDITED TRUST FUNDS FINANCIAL REPORT

Status	Beneficiary	VPU/Div	TF Hierarchy	TTL Name
Active	WEST BANK& GAZA	MNCA4	Trustee Account	Mr Ivo G.P. Imparato

Contribution details by Donor

Donor	Currency	07/01/2020 to 06/30/2021	12/09/2016 (date of inception) to 06/30/2021
AUSTRALIA-DEPARTMENT OF FOREIGN AFFAIRS AND TRADE	AUD	0.00	10,000,000.00
DANISH MINISTRY OF FOREIGN AFFAIRS (DANIDA)	DKK	0.00	140,000,000.00
FINLAND - MINISTRY FOR FOREIGN AFFAIRS	EUR	0.00	2,300,000.00
MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL COOPERATION OF THE	EUR	8,000,000.00	8,000,000.00
NETHERLANDS-MINISTER OF FOREIGN AFFAIRS	USD	0.00	10,100,000.00
NORWAY - MINISTRY OF FOREIGN AFFAIRS	NOK	0.00	327,017,000.00
SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY (SIDA)	SEK	0.00	318,000,000.00
UNITED KINGDOM - FOREIGN, COMMONWEALTH AND DEVELOPMENT OFFICE	GBP	0.00	38,000,000.00

Contribution paid-in details by Donor

Donor	Currency	07/01/2020 to 06/30/2021	12/09/2016 (date of inception) to 06/30/2021	12/09/2016 (date of inception) to 06/30/2021 In USD Equivalent
AUSTRALIA-DEPARTMENT OF FOREIGN AFFAIRS AND TRADE	AUD	0.00	10,000,000.00	6,834,000.00
DANISH MINISTRY OF FOREIGN AFFAIRS (DANIDA)	DKK	20,000,000.00	140,000,000.00	22,024,668.49
FINLAND - MINISTRY FOR FOREIGN AFFAIRS	EUR	0.00	2,300,000.00	2,446,510.00
MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL COOPERATION OF THE	EUR	5,000,000.00	5,000,000.00	6,084,500.00
NETHERLANDS-MINISTER OF FOREIGN AFFAIRS	USD	3,300,000.00	6,200,000.00	6,200,000.00
NORWAY - MINISTRY OF FOREIGN AFFAIRS	NOK	11,222,000.00	218,239,000.00	25,011,301.78
SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY (SIDA)	SEK	90,000,000.00	278,000,000.00	31,620,214.40
UNITED KINGDOM - FOREIGN,	GBP	4,000,000.00	30,300,000.00	39,748,019.00

WORLD BANK GROUP

Partnership for Infrastructure Development in the West Bank and Gaza Multi Donor Trust Fund - Parallel of TF071898 (WORLD BANK REFERENCE 72778) - Multi Donor Fund

UNAUDITED TRUST FUNDS FINANCIAL REPORT

Contribution paid-in details by Donor

Donor	Currency	07/01/2020 to 06/30/2021	12/09/2016 (date of inception) to 06/30/2021	12/09/2016 (date of inception) to 06/30/2021 In USD Equivalent
COMMONWEALTH AND DEVELOPMENT OFFICE				

Disbursement details by Grant

Grant	Grant Name	Executed By	Currency	Grant Amount	07/01/2020 to 06/30/2021	12/09/2016 (date of inception) to 06/30/2021
TF0A4947	Support to the Palestinian Land Sector	Bank	USD	2,000,000.00	172,617.72	987,242.01
TF0A6154	Municipal Development Project III - PID MDTF	Recipient	USD	20,000,000.00	3,794,361.05	19,420,190.51
TF0B0195	Support to the Palestinian Land Sector II	Bank	USD	0.00	0.00	0.00
TF0B0359	West Bank and Gaza Real Estate Registration Project	Recipient	USD	3,000,000.00	0.00	100,000.00
TF0B2334	Water Security Development - Gaza Central Desalination Program	Recipient	USD	42,000,000.00	0.00	2,000,000.00
TF0B2694	Gaza Wastewater Management Sustainability Project	Recipient	USD	3,700,000.00	449,866.06	449,866.06
TF0B2962	Sustained Service Delivery through Improved O&M of Infrastructure in West Bank and Gaza	Bank	USD	400,000.00	256,312.67	256,312.67
TF0B3015	PID-MDTF ASPIRE MPA Phase 1 P170928 WB&G	Recipient	USD	49,000,000.00	1,579,591.94	1,579,591.94
TF0B4273	Support to the Palestinian Land Sector III	Bank	USD	0.00	0.00	0.00
TF0B5172	AF for COVID-19 Municipal Response under MDP-3	Recipient	USD	10,000,000.00	3,776,128.45	3,776,128.45

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Partnership for Infrastructure Development in the West Bank and Gaza Multi Donor Trust Fund - Parallel of TF071898 (WORLD BANK REFERENCE 72778) - Multi Donor Fund

UNAUDITED TRUST FUNDS FINANCIAL REPORT

Notes:

1. This statement is prepared on the modified cash basis of accounting
2. Other costs (where applicable) represent all disbursements incurred prior to July 2000.
3.Administrative fees are generally collected from the trust fund when commitment is made to recipient.
4. Amounts committed relate to the amounts yet to be disbursed for active and pending recipient executed grant agreements, undisbursed balance of bank executed trust funds and the administration fees to be deducted.
5. Investment income of this trust fund is credited to TF072778 (Partnership for Infrastructure Development in the West Bank and Gaza Multi Donor Trust Fund - Parallel of TF071898) in accordance with administration agreement(s) and hence forms part of the fund balance of this trust fund.
6. Where applicable, amounts displayed against "staff costs (including benefits)","Extended Term Consultants/Temporary costs (ETC/ETT)" costs & "Short Term Consultants/Temporary Costs (STC/STT)" costs include charges to cover the cost of benefits and general communication facilities and IT costs unless otherwise specified in the Administration Agreement for the Trust Fund.

Annex 7: TF Commitments to the Water, Urban, and Energy Sectors

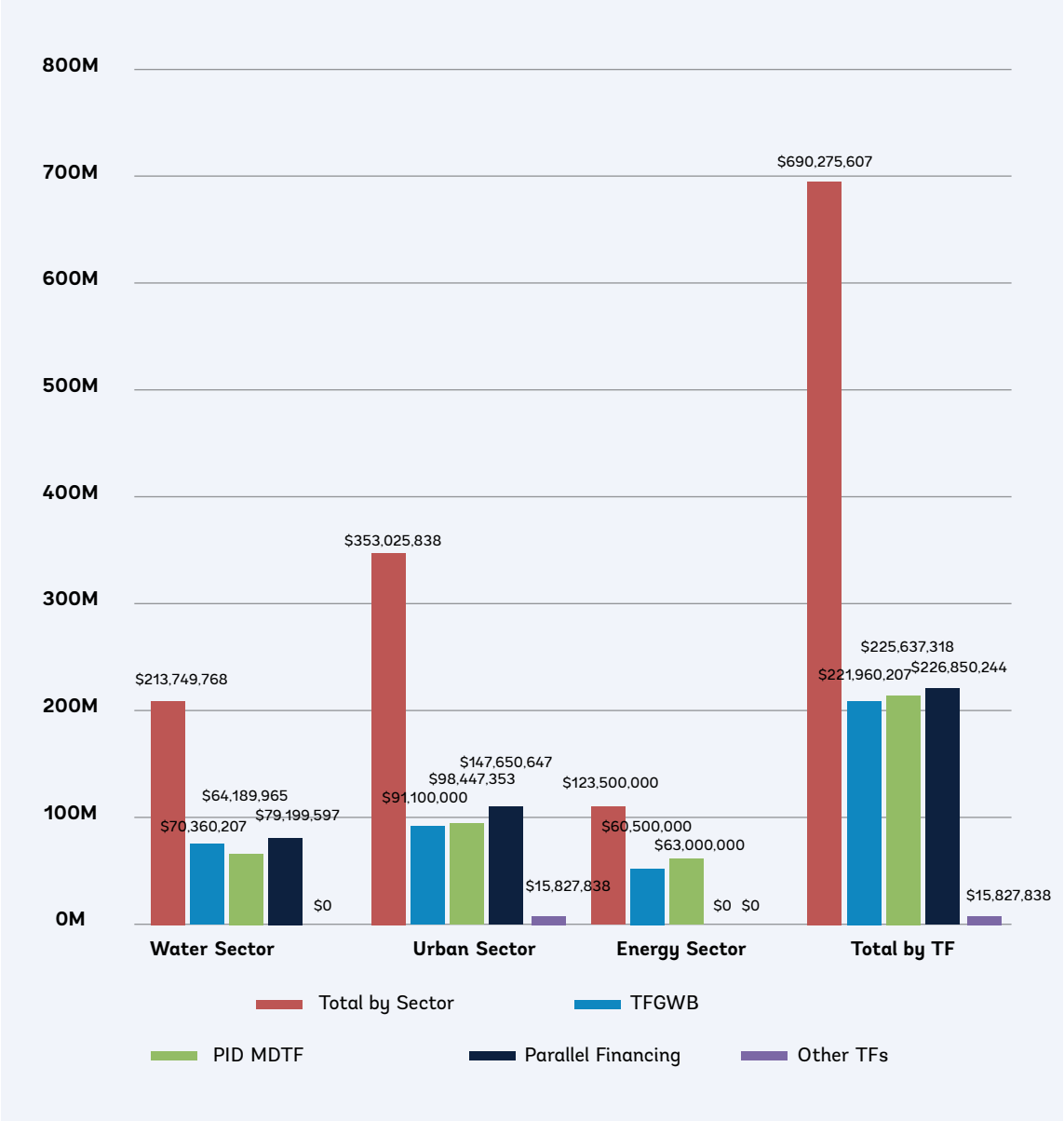
Funding in the amount of US$222.0 million has been committed from the TFGWB to the water, urban, and energy sectors during the lifetime of the PID MDTF (2012–present). The leverage ratio of donor financing (PID MDTF co-financing and parallel financing) to the World Bank's financing is 2 to 1. The largest share of TFGWB financing—US$91.1 million—has been committed to the urban/LG sector, which also includes solid waste and land management. The TFGWB has committed a total of US$70.4 million to the water sector and US$60.5 million to the energy sector.

Of the combined co-financing and parallel financing committed to the sectors, the TFGWB has co-financed 33 percent of the water sector commitments, 26 percent of the urban sector commitments, and 49 percent of the energy sector commitments.

Table 19: Sector Co-financing by Source (US$)

	TFGWB	PID MDTF	Parallel Financing	Other TFs	Total by Sector
Water sector	70,360,207 (33%)	64,189,965 (30%)	79,199,597 (37%)	0 (0%)	**213,749,768**
Urban sector	91,100,000 (26%)	98,447,353 (28%)	147,650,647 (42%)	15,827,838 (4%)	**353,025,838**
Energy sector	60,500,000 (49%)	63,000,000 (51%)	0 (0%)	0 (0%)	**123,500,000**
Total by TF	**221,960,207**	**225,637,318**	**226,850,244**	**15,827,838**	**690,275,607**
Percent of total financing (%)	32	33	33	2	

Figure 23: Sector Co-financing by Source



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