1. Country and Sector Background

A. Background
The PA’s development strategy is clearly defined in the Palestinian Reform and Development Plan (PRDP) for 2008-2010 presented at the Paris donor conference on December 17, 2007, at which time donors pledged about $7.7 billion. The PRDP represents both a Palestinian-owned plan for assigning resources to reform and other priorities, and a tripartite action plan for rehabilitating the Palestinian economy. The Plan seeks to stabilize the PA’s fiscal situation by containing recurrent spending and, as the economy improves, shifting resources towards development spending. A number of projects embedded in the PRDP have also been identified covering a wide range of sectors such as tourism, education, housing, industrial estates, agriculture, water and sanitation (including solid waste management)\(^1\). According to the International Monetary Fund, in 2008, the PA received almost US$1.8 billion in budget support with a further US$0.25 billion in externally financed capital expenditures making total external support almost 30 percent of GDP.

Unsanitary and uncontrolled solid wastes disposal has become a serious public health and environmental hazard of great concern to the Palestinian people in the West Bank and Gaza. It is a threat to public health as a result of random and unsanitary dumping (the number of dumpsites is estimated to range from 189 to 419) and burning causing air pollution, potential infiltration of polluted leachate into the water supply aquifers, pollution of valuable agricultural land and natural landscape, and creating a habitat for breeding disease-transmitting vectors. The vast majority of solid waste produced by the Palestinian population in the West Bank, except in the northern region, is disposed of at unregulated dump sites. The total populations of the West Bank estimated at about 2.27 million generate a solid waste load of about

\(^1\) IBRD/IDA Interim Strategy for the West Bank and Gaza for the period FY08-FY10, dated March 25, 2008.
690,000 tons per year (t/yr). The waste load is primarily of domestic and commercial origin. In the project area, the total municipal waste load is estimated to increase from 238,000 t/yr in 2007 to about 316,600 t/yr by 2020 and 370,500 t/yr by 2030. Currently, the average waste collection rate is estimated at 85%, and about 60-70% of the waste consists of organic matter.

B. Sector Issues
The overall situation of solid waste management (SWM) in the proposed project area, namely the southern West Bank covering Bethlehem and Hebron governorates, is below acceptable standards due to weakened local governments as a result of the deteriorating political and economic conditions affecting municipal finances, constrained SWM institutional framework, and inadequate infrastructure for proper disposal of solid waste. The main sector issues can be summarized as: a) **Deteriorating environmental health quality due to the** random disposal of solid wastes containing hazardous hospital and industrial wastes causing major threat to water, land, and humans; b) **Declining Local Governments revenues which reached** nearly 20% drop in revenues per capita. This has contributed to the inability of many households to pay for electricity and water services, a major LG’s sources of revenue used to also cross-subsidize SWM services; c) **Deteriorating SWM service quality** due to the incomplete service coverage, absence of collection schedule, collection strikes and uncontrolled dumpsites. This has resulted in signification popular dissatisfaction with the quality of related municipal service; d) **Scale-efficiency for Solid Waste Collection and Disposal caused by high costs** related to planning, capital investments, operating, maintenance and monitoring. Therefore, the decision to establish joint services councils and a high Joint Service Council (JSC) to enable cost sharing of solid waste collection and disposal in Bethlehem and Hebron governorates in June 2006, and May and July 2007 respectively, represent good practice and the first step in the right direction; e) **Inadequate capacity of existing disposal sites** in the southern West Bank to receive the estimated 600 tons per day of waste per day. Both current semi-controlled dumpsites, receiving 60% of the waste while 40% are either being burned at local dumpsites or randomly dumped on valuable agricultural land or along road sides; and f) **Hazardous waste disposal.** There is very limited information on the sources, quantities and composition of hazardous wastes generated and disposal practices in the project area. This issue is being addressed in part with donor technical assistance and pilots working jointly with the PA. By end of 2009, an updated SWM strategy is expected to give direction for future intervention.

C. Palestinian Authority (PA) Strategy and Commitment
Over the past years, the PA has identified the SWM as one of its key development priorities. This has been exemplified in the last two development plans: a) the Palestinian Medium-Term Development Plan (2006-2008) three main pillars clearly delineated such priority as follows: (i) strengthening the municipal service delivery capacity by enhancing the management and financial capabilities of local governments; (ii) encouraging municipalities to establish joint services councils as regional institutions for the delivery of SWM services to realize economies of scale; and (iii) establishing three regional sanitary landfill sites to effectively service the entire West Bank; and b) the Palestinian Reform and Development Plan (2008 – 2010), key priorities which include SWM in two of the four themes: (i) “Safety and security – Improved regulation of utilities, …. , and better solid, liquid and hazardous waste management can have a material impact on public safety….”; and (ii) “Enhanced quality of life – Improving the regulation and management of public and private sector utilities, …. , better waste management, .. can make a major contribution to improving the daily lives of citizens”.

National and local commitments have been exemplified through a number of measures, including: a) The PA’s identification of SWM as key priority which set forth to secure the necessary resources towards implementing proper management measures; b) MOLG’s decision of July 12, 2007, to establish the JSC for SWM in Hebron and Bethlehem (JSC-H&B) for SWM in Southern West Bank; and c) The local level commitment confirmed in March 2007 through the signing of concerned municipalities of a MOU towards joint efforts in: i) strengthening of the administrative municipal structures, ii) provision of new environmentally sound solid waste transfer stations and a sanitary landfill facility, iii) closing of unsanitary dump sites following environmentally and socially sound approaches, iv) improving collection
services at the municipal level, and v) pooling of revenues to benefit from economies of scale through the provision of joint services.

2. Objectives
The objective of the Project is to improve solid waste disposal services for the communities and businesses of Palestinian municipalities and joint services councils in the Bethlehem and Hebron governorates through provision of an efficient socially acceptable and environmentally friendly mechanism, including (i) strengthening the joint services council administrative and technical capabilities for a cost-effective management of waste disposal services; (ii) improving the waste disposal services through provision of a sanitary landfill facility and related infrastructure; and (iii) carrying out a public awareness campaign for promoting waste minimization, resource recovery and cost recovery for financial viability.

3. Rationale for Bank Involvement
The rationale for Bank involvement in the proposed project is summarized as follows: (i) the Bank is one of the main agencies coordinating international aid for the Palestinian municipalities; (ii) the Bank’s global, regional and national experience in solid waste management programs including the Solid Waste and Environmental Management Project in the northern West Bank (closing date June 30, 2009) and financed through the Trust Fund for Gaza and West Bank (TFGWB); and (iii) the Bank’s role in coordinating with donors and with concerned Israeli authorities assistance to the Palestinians on aspects of planning, design and operation of such services.

4. Description
The project would consist of the following components:

Component 1: Institutional Strengthening: This component will support consultants services, workshops, study tours, campaigns and training for: a) improving JSC-H&B’s institutional and human resource capacity in policy, operational and administrative aspects of SWM; (b) strengthening EQA in monitoring and reporting on environmental aspects of transfer stations, landfill facilities, and the closure and rehabilitation for interim use of dump sites; and c) public awareness on SWM at the regional and local levels.

Component 2: Development and Implementation of Solid Waste Management Investments: This component will support: (a) Civil works construction of a landfill facility and associated infrastructure (including rehabilitation of existing associated infrastructure); b) Civil works and installation of compactors for Hebron Transfer Station; (c) Civil works and installation of waste recycling pilots (owner-supplied equipment) at the landfill; (d) supply of operational equipment for the landfill; (e) supply of transfer station waste containers and waste container hauling vehicles; (f) Rehabilitation of existing dumpsite in Yatta (in Hebron governorate) for use during construction of the sanitary landfill and closure of all 17 dump sites (Yatta plus the 16 smaller dump sites) in Hebron and Bethlehem governorates by end of construction period; (g) operational management contract for the sanitary landfill and transfer station; and (h) implementation of the ESMP and the Abbreviated Resettlement Action Plans (ARAPs).

Component 3: Innovation Window for Waste Recycling and Composting: This component will support Consultants Services to prepare: (i) the feasibility and design of pilot projects for waste collection optimization, waste minimization, and waste recovery for recycling and composting including plans toward organizing waste pickers (scavengers) into commercially-viable service organizations; and (ii) Implementation of pilot schemes in waste recycling which will include investments required to launch small businesses and/or cooperatives.

Component 4: Project Management, International Procurement Consultant and Supervision: This component will finance: (i) incremental operating costs of the JSC-H&B Technical Operations Unit (TOU) including mainly staff salaries, operational costs and travel related costs associated with training
and conference participation; (ii) services of an international procurement consultant; and (iii) a consultant firm for supervision of construction and operational management contract(s).

The project financing of the $20 million equivalent is as follows: a) $2 million related to the cost of land acquisition to be borne by the Ministry of Finance and JSC-H&B; b) $12 million equivalent through Special Financing Grant from the TFGWB towards sub-components 1(a and c); 2(a, g, f and part of h), parts of 3(a and b) and 4; c) $6.0 million through donors parallel financing arrangements, including $5.6 million from the EC through the Infrastructure Facility and US$0.40 million from Government of Italy towards sub-components 1(a and b), 2(b, c, d and e) and parts of 3(a and b). During Negotiations, MOF committed to provide any additional financing caused by the shortcoming of any donor participating in this project.

**Sanitary Landfill Site Selection Process:** The selected site for the sanitary landfill and access road are located in Area C of the West Bank. Bank management and Task Team (TT) are fully aware that the proposed works would be in an area outside the remit of the resolution establishing the TFGWB. They are also aware that this may involve access issues and risks. However, the TT is of the view that the project can be carried out in accordance with the Project documents, and that the PA will be able to comply with its obligations and legal covenants contained in the Project documents. This expectation is based on the successful experience of implementing Bank financed SWEMP which became effective on December 2000, shortly after the beginning of the second Intifada: In spite of the circumstances, the task team was able to secure special permits from the Israeli Civil Administration (ICA) to project related activities.

For the proposed project, three comfort letters related to access have been received from the ICA on July 28 and December 14, 2008 and January 19, 2009. The TFGA will make any construction work on the landfill conditional on securing final approvals and construction permits from the ICA. The project location in Area C also brings with it the risk that waste from non Palestinian sources may be deposited on the landfill to be built under the project; however, the TT is of the view that any waste from non-Palestinian sources would be negligible.

The selection of the sanitary landfill site was conducted by an international consulting firm. The selection process was based on site visits to 15 locations in the southern West Bank. Only three sites, all located in area C passed, with limitations, the three round selection processes. As a result of the limitations, further assessments with additional consideration for proximity to urban areas and central location between the two governorates identified two additional sites, Sites No. 12 and 13. These two were found to be the most suitable and responsive to the set selection criteria. Site No. 12 was given preference by both Palestinian stakeholders and the ICA.

**Stakeholder Participation:** The Palestinian members of the SWEMP have also been engaged in the planning and implementation of stakeholder meetings, workshops and visits to the Jenin sanitary landfill, which have been designed to build awareness on the project objectives and benefits and consensus on the proposed project scope and implementation arrangements. Their institutional and technical experience in Jenin has been well received by the proposed project stakeholders. This experience has served for: (i) promoting active participation of the Council members in the southern West Bank; (ii) setting good baseline indicators and effective performance monitoring indicators and measuring techniques; and (iii) giving guidance on the best use of international and local experience.

5. **Financing**

Source of Financing: ($m.)

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2 The selection criteria included: environmental, planning, nature and landscape sensitive, political and legal, financial and economic feasibility.

3 Letters from ICA dated July 28 and December 14, 2008 and January 19, 2009 in support of SWMP and the proposed location in Site No. 12 in Al-Menya in Area C.
Borrower (Ministry of Finance and Joint Services Council for Hebron and Bethlehem) 2.00
Special Financing (World Bank) 12.00
Parallel Financing
   a) European Commission 5.60
   b) Government of Italy 0.40
Total 20.00

6. Implementation
The SWMP will be implemented by JSC-H&B through its Technical Operations Unit (TOU). The JSC-H&B comprises of 7 mayors, four from Hebron JSC and 3 from Bethlehem JSC. The TOU will be responsible for planning, executing projects and the management of operations, including billing and collection of services. The TOU will also be responsible for all fiduciary and safeguards policies as agreed to under grant agreements co-signed between the PA and the Bank and other donor partners. The TOU is comprised of an Executive Director, a financial officer, a procurement officer, a social/public relations specialist, an environment specialist and an administrative assistant. An international procurement consultant will be contracted to assist the TOU during 1st year of project implementation.

7. Sustainability
The macroeconomic conditions in the WBG and the financial constraints that most municipalities are currently experiencing have been documented in a number of Bank reports, including the latest Bank Interim Strategy Note. Obviously, there are no guarantees for financial sustainability of the project due to the prevailing turbulent political conditions and the closure regime, resulting in high rates of unemployment and limited financial resources at the national and local levels. However, the proposed project would benefit from a number of Bank activities including: the Emergency Municipal Services Rehabilitation Project (EMSRP-2), the Local Government Capacity Building Project (LGCBP), the Village and Neighborhood Development Project (VNDP) and the Municipal Development Project (MDP) currently under preparation. In addition, the recently completed Land Administration Project (LAP) and the follow on LAP-2 aim to clarify land ownership through which municipalities may increase their revenues through improved property taxation.

Project outcomes sustainability would also hinge on the commitment of the JSC-H&B member municipalities to continue its association and in paying on a timely basis their share of the actual cost of the SWM operation. Experience in the northern West Bank region shows that there are few municipalities that are not paying their share of the cost, which place into a great risk the financial viability of the entire program. In the case of the JSC in the northern region, the Council meets regularly with the local councils in arrears to facilitate payment arrangements.

8. Lessons Learned from Past Operations in the Country/Sector
The Project will benefit from SWEMP, which has proved to be a good-practice model for WBG. The benefit comes from both the project design and implementation arrangements as well as from the key Palestinian and Bank staff responsible for project implementation. The SWEMP team has been consulted during project identification and design, in the options for tendering, construction and operations, and in the preparation of legal and administrative documents for establishing the JSC-H&B.

The Project will also benefit from the SWEMP’s population coverage area. In this context the SWEMP was designed to serve 200,000 people in two governorates for 20 years. Soon after the trigger of the Intifada and subsequent severe drop in municipal revenues, there were doubts of the project sustainability. As a result, SWEMP has expanded its coverage to three additional neighboring governorates. Consequently, it became more feasible for the Jenin JSC to consider waste minimization strategy and implement a plan for recovery of plastic that could be sold in the local markets. The design of JSC-H&B took into consideration this lesson and formally established of the JSC-H&B covering two governorates with a Palestinian population of about 700,000.
Continuous coordination and consultation with all stakeholders are key prerequisites for operating in a turbulent environment; these include PA, ICA and the donor community. This will establish a strong buy-in especially during a period of much reduced financial resources. Similarly, close coordination with the ICA especially during the intensified fighting in 2002 and subsequent strict closure regime adopted by Israel in the West Bank. Lastly, maintaining close dialogue with the European Commission has enabled a sustained commitment to the project objectives and the provision of the needed SWM equipment.

9. Safeguard Policies (including public consultation)

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<thead>
<tr>
<th>Safeguard Policies Triggered by the Project</th>
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<tr>
<td><strong>Environmental Assessment (OP/BP 4.01)</strong></td>
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<td>Natural Habitats (OP/BP 4.04)</td>
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<td>Physical Cultural Resources (OP/BP 4.11)</td>
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<td>Involuntary Resettlement (OP/BP 4.12)</td>
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<td>Indigenous Peoples (OP/BP 4.10)</td>
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<td>Projects on International Waterways (OP/BP 7.50)</td>
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**Environmental Safeguards:** The safeguard policy on Environmental Assessment (OP4.01) is triggered by this project. As noted above, and to mitigate any potential negative impacts an Environment and Social Management Plan (ESMP) has been prepared for the project and will be incorporated in the Project Operations Manual (under preparation) and any relevant rehabilitation or construction contract to be established and financed by the Project. The consultant supervision contract established under this project will be responsible to ensure that the ESMP is maintained and adhered to throughout the project implementation.

**Social Safeguards:** The safeguard policy on Involuntary Resettlement (OP 4.12) is triggered, and abbreviated Resettlement Action Plans have been developed to ensure that the treatment of Project Affected People (PAPs) is in compliance with Bank applicable Bank rules and regulations. Specifically, compensation for land acquisition and loss of income for waste pickers are anticipated, and specific measures are developed to address these issues.

The identified landfill site is owned by 3 Palestinian families who have already agreed with the JSC-H&B to land sale for the purposes of the sanitary landfill. Consultations were carried out with the landowners. The families do not live on the land and the land is currently barren and there is no agricultural or animal husbandry activity in the area that would generate income to the owners. Part of the site identified for the access road site is owned by 4 Palestinian families who have already agreed with the JSC-H&B to a sale transaction for the purposes of the access road. Again, the families do not live on the land.

Anecdotal information of occasional use of the area of both the landfill and the access road by wandering herders has been reported, however, herders could continue to use adjacent open areas in such circumstances. Nevertheless an ARAP discusses their situation. Loss of grazing land would be insignificant as the pasture area is small and pasture growth is seasonal varying from year to year depending on precipitation.

With regard to loss of income, as outlined above, about 132 waste pickers have been identified at the Yatta dump site, although as indicated above most of these work part-time on the dump site. A number of mitigation activities have been outlined above, are set forth in the ARAP and are to be assessed by a

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties’ claims on the disputed areas
consultant to be hired under the project. In addition, Component 3 of the project includes pilot activities to formalize waste recycling as well as other income generating activities. The JSC-H&B would be responsible for the management of these initiatives, which would be monitored independently by the Bank. It is worth noting that the other uncontrolled dump sites to be closed under the project are in remote locations and of a much smaller scale.

In addition to Yatta, 16 informal dumpsites in the Southern West Bank will be rehabilitated under the project. The latter are very small and found largely in remote locations, with limited access. During project preparation, thorough investigations were carried out to the various dumpsites. As indicated in the TOU Report on dumpsites, a few part-time waste pickers were found in and around some of the sites. Of these, a few were found to use the sites to burn waste which they have collected from other locations to extract metals. It has been agreed with the JSC-H&B that any waste pickers at these sites will be covered in accordance with the measures outlined in the ARAP. The TOU’s investigation also identified land tenure to be mostly private and leased by the respective municipalities for waste disposal purposes. Any related loss of income will be dealt with according to OP4.12 principles.

**Land acquisition:** The land for the landfill and the access road is owned by several local families. There are general uncertainties with ascertaining land titles in the West Bank. As such, challenges and risks exist when investigating land ownership, especially when Area C is involved because the scope of land searches is more limited. Several consultation meetings have been carried out with the landowners, documented by minutes of the meetings, as further set out in the ARAP. The JSC-H&B has contracted a qualified lawyer to provide assistance in the acquisition process.

An additional local counsel will be contracted to review, verify and confirm that no land disputes are associated with the land in subject. The counsel has agreed to provide the Bank with a legal opinion confirming that the legal documents relating to the land acquisition have been executed and delivered on each party’s behalf and by the confirmed legal owners of the land, and are legally binding upon each party once the land acquisition process has been completed.

**10. Contact point**

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4 Out of the 16, seven were closed between 2004 and 2008 and prior to project  
5 These investigations consisted of: a) ESIA Consultants (DHV/PHG) spot check to several dumpsites, September 2008; b) TOU/World Bank task team spot check to several dumpsites, January 2009; and c) Report on Field Visit to Wild Dumpsites in Hebron and Bethlehem Governorates, JSC-TOU, April 2009