

**PROJECT INFORMATION DOCUMENT / INTEGRATED SAFEGUARDS DATA
SHEET (PID/ISDS)
CONCEPT STAGE**

Report No.:PIDISDSC20786

Date Prepared/Updated: 21-Jan-2017

I. BASIC INFORMATION

A. Basic Project Data

Country:	West Bank and Gaza	Project ID:	P158615
		Parent Project ID (if any):	
Project Name:	Water Security Development Program (P158615)		
Region	MIDDLE EAST AND NORTH AFRICA		
Estimated Appraisal Date:	24-Jul-2017	Estimated Board Date:	22-Nov-2017
Practice Area (Lead):	Water	Lending Instrument:	Investment Project Financing
Borrower(s)	Palestine Liberation Organization for the benefit of the Palestinian Authority		
Implementing Agency	Palestinian Water Authority		
Financing (in USD Million)			
Financing Source			Amount
Borrower			0.00
Partnership for Water and Urban Development in the West Bank			13.00
West Bank & Gaza - IBRD Funded			0.00
Financing Gap			0.00
Total Project Cost			28.00
Environmental Category:	A-Full Assessment		
Concept Review Decision:	Track I - The review did authorize the preparation to continue		
Is this a Repeater project?	No		
Other Decision (as needed):			

B. Introduction and Context

Country Context

1. The political situation in the Palestinian territories remains fraught with uncertainty, heightened by

the last 2014 violent conflict in Gaza—the economy, however, has experienced a small rebound in growth thanks mostly to an upsurge in Gaza reconstruction activity. Overall GDP in the first quarter of 2016 grew 8%, 21% in Gaza and 4.2% in the West Bank. Inflation remained very low and stable averaging 0.2 percent in the period January-June 2016, due to deflation in Israel and a fall in global fuel and food prices. Expected GDP growth over the next several years is a sluggish 3.5%. Since peaking at 12 percent in 2011, growth decelerated to 6 percent in 2012, eventually reaching approximately 2 percent in 2013. Following the Gaza conflict in 2014, the Palestinian economy entered into a recession, facing an average growth of -0.4 percent: 5.1 percent in the West Bank and -15 percent in Gaza. According to a World Bank Detailed Needs Assessment (DNA), recovery needs from the 2014 conflict amounted to an estimated US\$3.875 billion, about a third of the West Bank and Gaza's GDP. The worsening economic conditions in Gaza had also been exacerbated by the 2014 closing of tunnels into Egypt. This sluggish growth implies a stagnation in real per capita income and an increase in unemployment.

2. The unemployment rate remains stubbornly high at 27 percent in 2016 and an estimated 7.6 percent of the population lives at or below the US\$5.5/day poverty line, not surprising considering the correlation between labor market outcomes and poverty. In Gaza, the unemployment rate skyrocketed to more than 47 percent during the 2014 war, the highest in the world. It has, however, declined since to 42 percent in the first half of 2016 as the reconstruction process started to slowly pick up and private firms rebuilt their capacity. Unemployment in the West Bank has remained at 18 percent. Unemployment amongst the youth (ages 15-29) is a particular concern especially in Gaza where it is 58 percent. At 20 percent, the female labor force participation rate is low compared to the (already low) Middle East and North Africa (MENA) average of 26 percent.

3. Despite commendable fiscal consolidation efforts during 2008-15, the PA's finances remain fragile. Public revenues grew by 24 percent in the first half of 2016 on account of frontloaded domestic taxes and one-off revenue transfers by the Government of Israel. This offset the higher than budgeted growth in expenditures and led to a 23 percent drop in the deficit in the first half of 2016 (year-on-year). The relative size of the PA's deficit was reduced from 25 percent of GDP in 2008 to 11 percent in 2015 due to the PA's reform efforts and strong economic growth. Nevertheless, the deficit still stood large at US\$1.45 billion in 2015. Inflows of donor aid have been a major source of financing for the deficit, but those have significantly declined in recent years (from 32% of GDP in 2008 to an estimated 5.2% of GDP in 2016) and have been insufficient to cover the overall financing need. To close the ensuing financing gap, the PA has accumulated large arrears to private suppliers and to the pension fund, estimated at 20 percent of GDP by the end of 2015.

Sectoral and Institutional Context

4. The water sector in the West Bank and Gaza (WB&G) is suffering from political, technical and institutional challenges.

a. Lack of sovereign control over WB&G water resources and water infrastructure development, leading to highly restricted access to water resources, perpetuation of ad-hoc emergency planning as opposed to strategic planning, and uncertainty and delays in infrastructure project authorization and implementation due to political constraints.

b. There are major water supply and sanitation infrastructure deficits and inefficiencies, where US\$7.0 billion, as of the water sector strategic development plan for 2012-2032, are needed to improve the water and wastewater sector. There is inadequate and unreliable access to potable water, particularly in Area C of West Bank where over 100,000 inhabitants do not have access to tap water. While in Gaza, impending environmental and public health collapse, with 96% of water resources unfit for use by Gaza's 1.8 million inhabitants and more than 65% are using water tanks despite 93% of the population are connected to water networks, due to saline water intrusions and untreated sewage infiltrations

(high salinity and nitrate concentration with 6 times higher than the WHO standards) . According to UN report, August 2012, “The aquifer could become unusable as early as 2016, with the damage irreversible by 2020” .

c. The situation with regard to treatment of wastewater or sewage is no less problematic. The percentage of households served by sewage is 73% in the Gaza Strip, compared to 32% in the West Bank with very limited wastewater treatment (48 million cubic meter (MCM) and 9.6 MCM respectively) and with bounded reuse (irrigated agricultural land area of 1.7 acres in Gaza). There are about 90000 Cubic Meters (CM) of raw or partially treated wastewater, in Gaza, released daily to the Mediterranean Sea creating pollution, public health hazards, and problems for the fishing industry and a about 30000 CM of raw sewage is dumped daily into open pools resulted in contaminating the aquifer.

d. The water sector in Palestine is characterized by being fragile and unsustainable. There are 3 regional utilities and 226 small water services providers currently operating in West Bank and Gaza. The service delivery level is commercially week due to many small-scale service providers in the country, with low performance, low service coverage (about 80 litter per capita per day, mostly intermittent supply), high levels of non- revenue water (55%), low collection efficiency (40% in Gaza and 70% in West Bank) leaving these institutions with insufficient funding for maintenance and possible capital investments. At the national level, the PWA since establishment 1995 until the enactment of the updated water law in July 2014 was acting as a policy maker, planer, and regulator and implementing agency executing the development projects.

e. The water sector development depended mainly on donors support. Donors have spent hundreds of millions of dollars in the last 20 years. Despite of the lack of approved strategies and development plans, the development programs in WB&G responded, to some extent, to the people needs, however, a major refocusing effort is required because many of the ongoing projects have been developed based on “donor selection and have been narrow focused rather than long term visionary programmatic development” .

5. The Palestinian Authority adopted an action plan for water sector reform that concentrates on institutional development, In 2009, the Cabinet of Ministers of the PA endorsed an Action Plan for Reform, which details the blueprints and implementation mechanisms of an institutional and legislative reform program in the water sector. The objective of the reform is to achieve water security and integrated sustainable water resources by: (i) building institutional capacity and sustainability, (ii) accelerating infrastructure development based on Palestinian water security needs and updated sector development strategies, (iii) regulating service provision to enhance quality, efficiency and cost recovery, and (iv) achieving and improving sustainable water service delivery. The World Bank led the support to the reform process under the Water Sector Capacity Building Program (WSCBP). The Palestinian Authority also enjoys solid donor support with strong synergies in the past and in upcoming engagements with the World Bank supported projects.

Relationship to CAS/CPS/CPF

10. The activities financed under the proposed Program contribute to the Bank’s Assistance Strategy for the WB&G for the period FY14 – FY16. The proposed Water Security Development Program (WSDP) is aligned to the first pillar of the Assistance Strategy to strengthen the institutions of a future state to ensure service delivery to citizens. The WSDP will support water law objectives by enhancing water security through the improvement of service delivery and achievement of water reform objectives through institutional development.

11. It is critical to support the efforts of the PA to create an enabling environment for private sector-led growth. This could be achieved by improving the water and wastewater sector, institutions, performance and infrastructure. This improvement in the sector will be done in cooperation with the private sector as well it will encourage the private sector partnerships and investment in agriculture,

industry and other sectors. This will result in creating jobs and therefore in well-being of the people, which constitutes the second pillar of the Country Assistance Strategy (CAS).

12. The Proposed Program will enhance the water security and improve the service delivery, which is in line with the MNA development strategy. The proposed Program, aims at improving water security by increasing the access to improved water and wastewater services in WB&G, which will improve the people satisfaction and reduce the transboundary water and wastewater tension. Therefore, the Proposed Project will strengthen the social contract between the Palestinian Authority Government and the people and it will enhance peace and stability with the Palestinian Authority and the neighboring countries. As such, the proposed Program would contribute to achieving the Bank's twin goals to eradicate poverty and promote shared prosperity through improvement of water and wastewater services. Providing access to safe and sufficient water, improved sanitation and hygiene are essential for improving the health, well-being, and productivity of the beneficiaries. Provision of improved sanitation services is key for improved livelihoods and better health and will also contribute to reducing the effects of poverty by lowering waterborne- and sanitation-related health risks and the associated vulnerabilities that the poor especially face. The project will contribute to income generation by helping secure sustainable livelihoods for vulnerable people and catalyzing economic growth. It will also contribute to an improved and transparent policy and planning decision making process at national and local levels. All of that will participate in improving the people quality of life, develop business and therefore help in eradicating poverty.

C. Proposed Development Objective(s)

Development Objective(s) (From PCN)

13. The proposed Program Development Objective is increasing access to improved quality and efficiency of water supply and wastewater services provision and strengthening the capacity of the selected water sector institutions at the national and local levels

14. The WSDP is aligned with the SDP objective and will support achieving its proposed targets by improving the water security. The WSDP will support Gaza (improving access to improved water and sanitation services) and West Bank (utility management services and sustainability). The WSDP will also support the national level institutional capacity (Palestinian Water Authority (PWA) and Water Sector Regulatory Council (WSRC) to improve business planning and operational performance of the water sector, and, water resource management. The WSDP strongly support the PA's priority in addressing the Palestinian water crisis, particularly in Gaza, and securing water for the people. The Bank's comparative advantage will focus on the institutional and economic elements while at the same time supporting investments that improves access to water.

Key Results (From PCN)

15. The Program development objective will be achieved by: (i) improved and increased access to sustainable piped water services in selected urban areas in WB&G, (ii) strengthened water resources institutional management (iii) improved efficient and viable water supply service delivery management (iv) treated wastewater made available for reuse. From an institutional perspective, the WSDP is expected to support reform in the water sector as per the new 2014 law (i.e. establishing sustainable and financially viable utilities by achieving cost recovery). From an investment perspective, the WSDP is expected to support improving service delivery.

D. Concept Description

1. 1. Project Components: Component 1: Strengthening policy framework and institutional capacity of the water sector at national level. (US\$1.3M; from the Trust Fund for Gaza and West Bank "TFGWB" US\$0.3 and from the Multi Donor Trust Fund "MDTF" US\$1.0). The WSDP will support the national

level to improve the business environment and the service delivery in the water sector. It will enhance PWA capacity to: (i) improve the integrated water resources management through the continuation of the reform process of the water sector restructuring and setting the general water policies, strategies and plan, etc. (ii) develop policies, financing mechanisms and provide technical assistance, capacity building and guidance to local governments service providers for improving and reforming service delivery, coordination and collaboration with the private sector, and service provision to the poor, (iii) improve the effectiveness of investments through performance incentives targeted technical assistance and capacity building activities for the service providers. In addition, (ii) The WSDP will support the WSRC in (i) monitoring and controlling compliance of the service providers to the set standards and regulations to incentivize for better performance (ii) regulating water and wastewater services operations, (iii) introducing measures for the service providers' sustainability, and (iv) developing a database with technical, financial and statistical information and dissemination of periodical reports.

2. Component 2: Improving Water Supply and Wastewater Services in Gaza. (US\$12.5 million; from TFGWB US\$4.5M and Multi Donor Trust Fund (MDTF) US\$8.0M). In line with the SDP objective and programs for Gaza (i.e. the Gaza Sustainable Water Supply Program including the associated works of the Desalination Project), the WSDP will support improving the water system efficiency and institutional capacity to be able to comply with the ongoing and future water supply and the proposed investment strategy. Therefore, this component will support the following sub-components:

a. Improvement, Rehabilitation and Configuration of Water Supply facilities, (US\$4.0M). Improving the water facilities to be able to absorb the expected additional quantities of water that will be added to the system by desalination (through small units and central plant) and ground water improvement and importation. Therefore, this sub-component will finance construction and/or rehabilitation of water wells, water tanks, and associated booster-pumping stations, development of transmission mains and distribution networks, water meters and improved disinfection. Activities will be included to improve energy efficiency and Non-Revenue Water (NRW) in order to improve system efficiency and financial sustainability. The hydrological study that is ongoing under the Gaza Sustainable Water Supply Program will provide specific projects to be considered.

b. Upgrading and Maintaining of the Wastewater System (US\$8.0M). This will improve the collection systems and treatment efficiency of the wastewater treatment facilities to help in protecting the ground water aquifer and its recovery (i.e. cleaning the wastewater infiltration basins of old Beit Lahia treatment plant and the new North Gaza Wastewater Treatment Plant (NGWWTP), some recovery wells, booster station, reservoir in NGWWTP area, and the reuse distribution piped network). The Program will finance activities to improve efficiency and continuity of the operation and maintenance for wastewater systems and treatment facilities, as well as increasing the pumping capacity, security and safety measures, upgrading of electro-mechanical systems and improving energy efficiency. In addition, the increase in demand by connecting new neighborhoods or rehabilitating existing networks will be supported. This sub-component may include activities pertaining to the improvement and expansion of storm water collection and infiltration.

c. CMWU Capacity Building and operational support (US\$0.5). This sub-component will include the provision of technical assistance to improve CMWU's management systems to strengthen the coordination and participation of other service providers in the development process. In addition to enhancing customer services, it will update and implement tariff regulation, including conducting a customer outreach and public awareness campaign to introduce new activities and improve collection of fees, improve and implement citizen engagement and gender policies at the service delivery level. This sub-component will also support the operations of CMWU by financing the purchase of chemicals, chlorine, detergent, and fuel to run the water and wastewater facilities in the Gaza Strip.

3. Component 3. Water Supply and Wastewater Services Management at West Bank (US\$12.0 million: from TFGWB US\$8.0M and from MDTF US\$4.0M). This component is linked to the Strategic Development Plan (SDP) Integrated Urban Water Management Program to be implemented in the West Bank. It will Partnership for the following areas of Intervention:

a. Establishment of Water utilities (US\$2.0). In line with the ongoing reform agenda and the water law objectives, the establishment of water utilities to achieve sustainable water management is main activity under the SDP. This will complement the ongoing support under the Hebron Wastewater Management Project (financed by the World Bank, AFD and EU) in building the capacity of Hebron Municipality Water and Wastewater Department and the plan to establish a water utility. In addition, selected service providers in West Bank such as Yatta, Salfit, Tulkerem, Qalqilia, Jenin, Tubas within its Joint Services Council, Jericho, and Nablus are potential candidates to benefit from the proposed WSDP. Participating service providers should agree to achieve certain institutional development objectives to be finalized with the PWA during the preparation of the Program. Therefore, this sub-component will include the provision of technical assistance to support the establishment of Water and Wastewater Utilities. Relevant indicators will be developed to measure achievements under this sub-component.

b. Improvement of Water and Wastewater Systems (US\$10). The financing support under this sub-component is performance-based incentive, which will support investments based on results achieved in sub-component 3.a above. It will finance improvement of NRW, the rehabilitation of water wells, construction and rehabilitation of water tanks, installation of associated booster pumping stations, development of transmission mains and distribution networks, and replacement of water meters, etc. The Program will finance activities to improve efficiency and continuity of operation and maintenance for wastewater systems and treatment facilities, as well as increasing the pumping capacity, security and safety measures, upgrading of electro-mechanical systems and improving energy efficiency. In addition, the increase in demand by connecting new neighbourhoods or rehabilitating existing networks will be supported. This sub-component may include activities pertaining to the improvement and expansion of storm water collection and infiltration.

4. Component 4: Project Management, Monitoring, and Evaluation (US\$ 2.2 million from the TFGWB). The PWA will establish a Program Coordination Unit (PCU) to coordinate the program implementation and reporting (US\$0.7M). PWA will also establish a Project Implementation Team (PIT) (US\$1.2M) in cooperation with the Coastal Municipalities Water Utility (CMWU) to be responsible for the day-to-day implementation of component 2 of the Program in Gaza. The PIT will be responsible for doing the procurement, project management and financial management and reporting. In addition, the Program will support the WSRC project management (US\$0.3M). This component will also finance the project management costs related to: (i) an external financial audit and technical monitoring and evaluation expert (Ministry of Finance responsibility in cooperation with the PWA), and (ii) the incremental operating costs of the PCU, PIT and WSRC.

II. SAFEGUARDS

A. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

This program is to be located throughout the West Bank and Gaza. In the West Bank up to eight other municipalities/joint services councils in West Bank may benefit from the proposed WSDP

B. Borrowers Institutional Capacity for Safeguard Policies

The beneficiaries of the this WSDP are at the national level; the PWA (policy maker and sector

development) and the WSRC (regulator and performance monitoring), and at the local level; the CMWU (service provider “utility”) and Municipalities/Joint service councils (JSC) , which will develop their water and wastewater department into independent utilities. Both the PWA and CMWU have implemented World Bank-funded projects continuously over the past fifteen years and have demonstrated the ability to comply with World Bank safeguards policies during preparation and implementation. Each of these has in-house dedicated environmental safeguards specialists working full-time on safeguards compliance. The Water and Wastewater Departments of the Municipalities have environmental/civil engineers who supervise water infrastructure projects in accordance with Palestinian Environmental Quality Authority (EQA) regulations. Although they have not worked directly with the World Bank previously, they have the capacity to assure safeguards compliance. It is expected that eight municipalities/JSCs in West Bank participate in the WSDP, that their safeguards implementation capacity will be supported by the PWA as well as by dedicated training and close supervision. The Program Coordination Unit, which will be established at the PWA can employ an environmental specialist as needed to provide support to the involved municipalities/JSCs.

C. Environmental and Social Safeguards Specialists on the Team

Helen Z. ShahriariGSU05

Zeyad Abu-HassaneinGEN05

D. POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered ?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>OP 4.01 is applicable, as the program will finance water and wastewater treatment physical infrastructure. With respect to water supply infrastructure located in Gaza, the program is likely to finance construction and/or rehabilitation of water wells, concrete water tanks, and associated booster-pumping stations, development of transmission mains and distribution networks, water meters and improved disinfection.</p> <p>With respect to wastewater infrastructure located in Gaza, the program is likely to finance collection systems and treatment efficiency of the wastewater treatment facilities to help in protecting the ground water aquifer and its recovery.</p> <p>With respect to water supply and wastewater services management in the West Bank, the program is likely to finance technical assistance to support the establishment of water utilities to achieve sustainable water management. In addition, this program will support investments based on results achieved, likely to include rehabilitation of water wells,</p>

		<p>construction and rehabilitation of concrete water tanks, installation of associated booster pumping stations, development of transmission mains and distribution networks, replacement of water meters, as well as improvement and expansion of storm water collection and infiltration.</p> <p>Most expected impacts are short term and construction related, such as dust, noise, workers health and safety, and interruptions to facilities and access, easily mitigated by the EMP. Other specific impacts of long-term nature related to water supply (e.g., water wells) and wastewater facilities will be examined carefully by project-specific ESIA and iESMPs will be devised for mitigation.</p> <p>Due to the programmatic nature of this investment, several investments, particularly in West Bank are not fully identified at this stage, and likely will be identified at the implementation stage, it has been agreed that an environmental and social management framework (ESMF) will be prepared prior appraisal as the safeguards instrument. For the Category A “associated works” that are currently identified, i.e. Gaza Desalination Plant’s “associated works” which would include the North-South trunk line and other secondary and tertiary lines to support the Gaza Desal plant operations, a TOR has been prepared and approved by RSA and will be annexed to the ESMF. The terms of reference of the ESIA for the category A " associated works" that have been approved by RSA will be annexed to the framework and the early results from this ESIA will be included in the ESMF. In addition, by virtue of the framework, project-specific ESIA's will be prepared by the client, consulted, and disclosed, before commencement of civil works of those interventions.</p>
Natural Habitats OP/BP 4.04	No	The interventions are expected to be carried out in urban centers, therefore, no critical natural habitats are impacted by the projects
Forests OP/BP 4.36	No	The interventions are expected to be carried out in urban centers, therefore, no forests are impacted by the projects

Pest Management OP 4.09	No	project is not expected to finance any pest management activities
Physical Cultural Resources OP/BP 4.11	No	project interventions are not expected to influence any known physical and cultural resources. However, since the projects will involve some earth works, a chance find procedure will be included in the ESMF
Indigenous Peoples OP/BP 4.10	No	N/A
Involuntary Resettlement OP/BP 4.12	Yes	There are some social risks related to components 2. Even though the rehabilitation of the water supply system done within the existing facilities, upgrading and improving the water and waste water systems could require private land or impact the livelihoods. In addition, new transmission lines also could require land take, however, at this concept stage the extent and types of impacts are not known. As a result, OP 4.12 is triggered and to this end a Resettlement Policy Framework (RPF) will be prepared and disclosed in the country and Infoshop by the appraisal. The RPF includes guidelines and procedures to be followed if land is needed and it will be the bases for the preparation of site specific Resettlement Action Plan (RAPs). In addition, it provides guidelines for voluntary land donation. If any of the sub projects has the final design by the appraisal and require private land a site specific RAP will be prepared and also disclosed by appraisal.
Safety of Dams OP/BP 4.37	No	no known dams are identified/influenced by the project activities in West Bank or Gaza
Projects on International Waterways OP/BP 7.50	TBD	To be discussed further to examine if the interventions in West Bank will have negative impacts on the shared groundwater aquifer
Projects in Disputed Areas OP/BP 7.60	No	N/A

E. SAFEGUARD PREPARATION PLAN

1. Tentative target date for preparing the Appraisal Stage ISDS:

17-Mar-2017

2. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal-stage ISDS.

ESMF/ESIA: April 5, 2017

RPF: By appraisal

The instrument (ESMF) will include as an annex, the TOR (approved by RSA) for the works associated with the Gaza Desal (some of which may be financed as part of the WSDP); (2) initial results from the ESIA/ESMP for the Gaza Desal associated works; and will cover also (3) the remainder of the infrastructure for West Bank and Gaza.

III. Contact point

World Bank

Contact:Iyad Rammal
Title:Senior Infrastructure Specialist

Borrower/Client/Recipient

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Implementing Agencies

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IV. For more information contact:

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V. Approval

Task Team Leader(s):	Name:Iyad Rammal	
<i>Approved By:</i>		
Safeguards Advisor:	Name: Nina Chee (SA)	Date: 26-Jan-2017
Practice Manager/Manager:	Name: Steven N. Schonberger (PMGR)	Date: 26-Jan-2017
Country Director:	Name:Marina Wes (CD)	Date:31-Mar-2017

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the

InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

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