



**THE WORLD BANK GROUP**

**WEST BANK AND GAZA**

—— Portfolio Snapshot April 2018 ——

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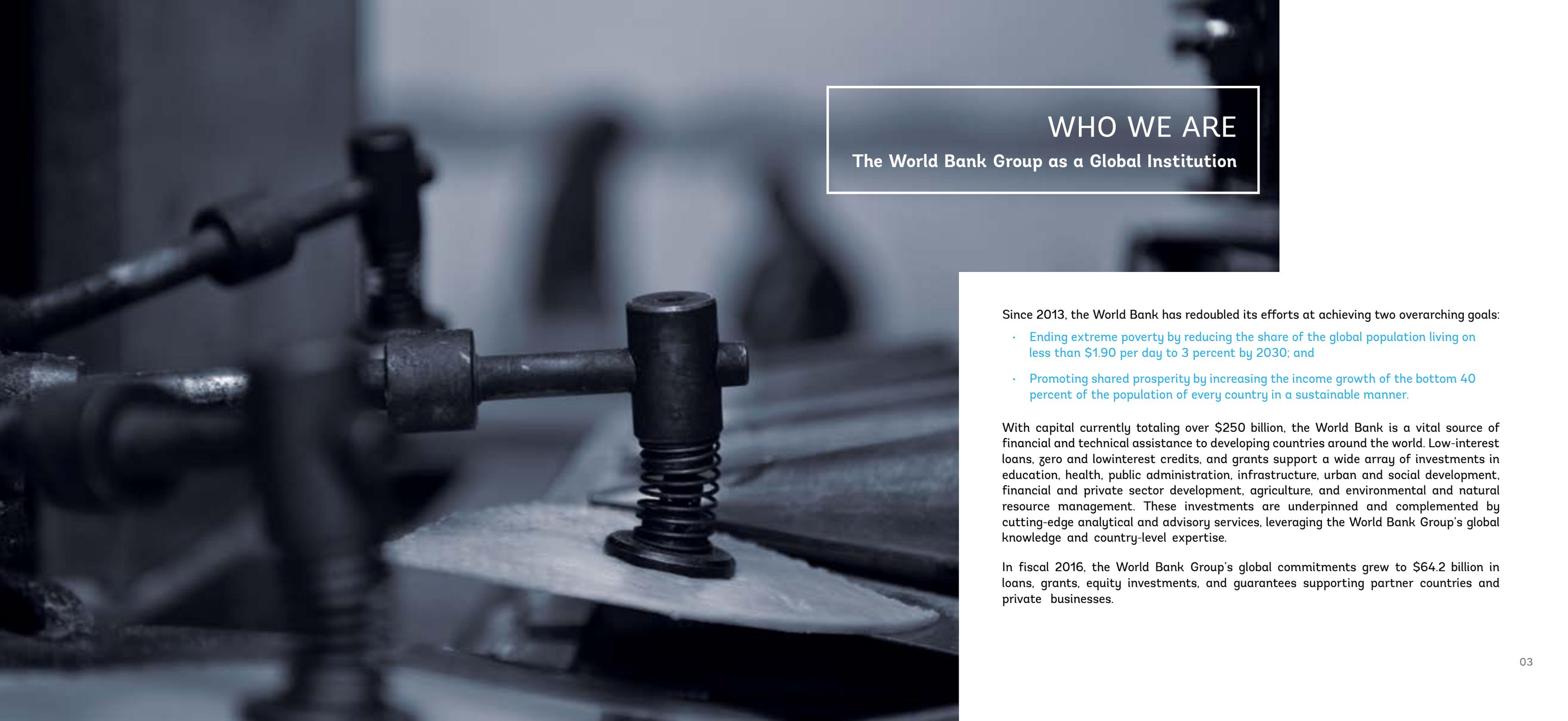


# WHO WE ARE

## The World Bank Group as a Global Institution

The International Bank for Reconstruction and Development (IBRD) was founded in 1944 to help rebuild countries devastated by World War II. Since then, it has expanded from a single institution to a closely associated group of five development institutions working to end poverty around the world. In addition to the IBRD, which operates in middle-income countries, the World Bank Group includes the International Development Association (IDA), which supports the poorest countries through interest-free or very low interest credits and grants; the International Finance Corporation (IFC), which provides loans, equity and advisory services to stimulate private sector investment in developing countries; the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for the Settlement of Investment Disputes (ICSID). References to the “World Bank” typically mean the IBRD and IDA.

Headquartered in Washington, DC, the World Bank works like a cooperative made up of 189 member countries—or shareholders—who are represented by a Board of Governors, the ultimate policy makers at the World Bank. Specific duties are delegated to a 25-member board of Executive Directors, who work on site at the Bank. With more than 10,000 employees in more than 120 offices worldwide, the World Bank operates under the day-to-day leadership and direction of the president, management, and senior staff.



## WHO WE ARE

### The World Bank Group as a Global Institution

Since 2013, the World Bank has redoubled its efforts at achieving two overarching goals:

- Ending extreme poverty by reducing the share of the global population living on less than \$1.90 per day to 3 percent by 2030; and
- Promoting shared prosperity by increasing the income growth of the bottom 40 percent of the population of every country in a sustainable manner.

With capital currently totaling over \$250 billion, the World Bank is a vital source of financial and technical assistance to developing countries around the world. Low-interest loans, zero and low-interest credits, and grants support a wide array of investments in education, health, public administration, infrastructure, urban and social development, financial and private sector development, agriculture, and environmental and natural resource management. These investments are underpinned and complemented by cutting-edge analytical and advisory services, leveraging the World Bank Group's global knowledge and country-level expertise.

In fiscal 2016, the World Bank Group's global commitments grew to \$64.2 billion in loans, grants, equity investments, and guarantees supporting partner countries and private businesses.

# WEST BANK & GAZA

## The World Bank's Engagement

The Bank has assisted the Palestinians since the Oslo Accords of the early 1990s – continuing to lay the foundation of a future Palestinian state so that it can deliver services to the people. We do this with our grants (financed from the World Bank's own income and supplemented by Trust Funds contributed by donors) in water and sanitation, municipal, education and social protection sectors and from the convening influence of our analytical products, examining contemporary debatable issues through the lens of economic development.

A half million people have relief from the immediate threat of flooding and backflows of raw sewage in the communities surrounding the North Gaza Emergency Sewage Treatment Plant. More than six thousand students, half of whom are women, have completed job placement programs financed by the Education to Work Transition Project. Eight start-ups in the areas of technology and programming have been supported by the Finance for Jobs project. The Second Municipal Development Project reports that 90 percent of municipalities recording at least a 20 percent reduction in processing time for selected services in citizen service centers.

Along with offering a range of advisory services, the International Finance Corporation (IFC) continues to support both existing and new clients in the Palestinian private sector. The Multi-Lateral Guarantee Agency (MIGA) has underwritten a number of projects in the power, agribusiness, and manufacturing sectors.



A sustainable growth path for the Palestinian economy depends on a domestic private sector that can compete in regional and global markets and increase its export of goods and services. Thus, the World Bank Group's assistance strategy for 2018-21 is focused on creating a conducive environment for private investment in the productive sectors of the economy. Increased investment can enhance the capacity of the economy, inspire entrepreneurial effort, and generate the jobs that are needed—especially for the large number of unemployed youth and women. This is built on the World Bank Group's maximizing finance for development approach. Beyond efforts to support the private sector, a strong focus on shared prosperity is critical for renewing the social contract via better (public) service provisions and social protection. The three pillars of the assistance strategy are:

1. **Setting the conditions for increased private investments and job creation.**
2. **Private Sector Enhancement Facility to realize private investments.**
3. **Addressing the needs of the vulnerable and strengthening institutions for improved citizen-centered service delivery.**

## Analytical and Advisory Work

The World Bank Group's analytical and advisory work has remained a core part of its strategy. Recent reports have been playing an important role in highlighting critical constraints to improving the Palestinian economic performance.

**Economic monitoring report to the March 2018 Ad Hoc Liaison Committee (AHLC)**, a policy-level meeting for development assistance to the Palestinian people. The report explores the nature of the rapid decline of the socio-economic conditions in Gaza and identifies what is needed to unlock sustainable growth. While additional cash inflows and infrastructure projects are urgently needed to bring relief from the difficult living conditions, a lasting recovery depends on reviving the Gaza economy through access to external markets and expansion of commercial activities.

**Securing Energy for Development in West Bank and Gaza** - The report lays out a vision of improved energy security in the Palestinian territories based on expanding and diversifying power supply and prioritizing actions to achieve financial sustainability as a pre-condition for energy security. The report provides a sequenced road map of actions to improve the current situation of the energy sector and meet the development requirements of the related sectors.

**The Local Government Performance Assessment** - Very little information has been available regarding citizen satisfaction and the results of local services provided by villages and municipalities. Service providers and policy makers were unable to assess and compare local service outcomes across the Palestinian territories, leaving a gap

in fully understanding the reasons behind inequities in basic services and what is driving Palestinian local government performance. The study included a household survey that is representative at the level of individual local governments, looking at access, quality, and reliability of local services for the first time from the 'demand side' of the Palestinian citizen.

**Prospects for Growth and Jobs in the Palestinian Economy** - While recognizing the critical importance of a political settlement, the report argues that measures over the medium term, within the frame of existing agreements, can create new areas of economic activity, attract private investment, generate jobs and significantly improve living standards. The report uses an economic model over a ten-year time frame to estimate the impact on the Palestinian economy of addressing the different constraints.

**Unlocking the Trade Potential of the Palestinian Economy** - The Palestinian economy is severely hampered by trade-related restrictions, high logistics costs, cumbersome procedures and institutional inefficiencies. This note highlights the distorted trade patterns that have emerged because of these restrictions and proposes both immediate options, and longer-term trade policy reforms that could help overcome existing dysfunctions and improve trade-related economic outcomes in the Palestinian economy.

**Enhancing Job Opportunities for Skilled Women** - While limited job opportunities affect everybody, a striking feature of the labor market in the Palestinian territories is the significantly higher rate of unemployment among skilled women relative to skilled men. The study analyzes the reasons behind the higher unemployment rate among skilled women and provides policy options to enhance the economic opportunities.



# Project Snapshots



## ABRAHAM PATH: ECONOMIC DEVELOPMENT ACROSS FRAGILE COMMUNITIES

With the abundant religious, cultural and historical sites, coupled with the Palestinian hospitality and adequate infrastructure, Palestine offers a great opportunity for tourism attraction. However, due to both political and economic constraints, the Palestinian Tourism industry is not developed fully across the value chain resulting in some leakages of tourism revenue. Furthermore, the Palestinian hotel industry does not fully benefit from incoming tourism, since on average tourists stay less than a day in Palestinian cities.

Experiential tourism however, extends a unique prospect for diversifying the nature of tourism in Palestine, since it can attract thousands of travelers who seek challenges and rewards of adventure in natural surroundings.

The Walking Trail offered by the Abraham Path (Masar Ibrahim) – the longest in Palestine – presents itself as an outlet to maximize the economic impact of experiential tourism in rural communities.



## DEVELOPMENT OBJECTIVES

The project aims to contribute to job creation and income generation for marginalized rural communities along the Abraham Path in the West Bank, with a particular focus on women and youth, and to capture lessons from piloting job creation through experiential tourism that could be applied in other Fragile and Conflict-Affected Situations (FCS).

## RESULTS

- Under its training and institutional capacity building activities to Bethlehem University and partner NGOs, the project supported the: (i) graduation of 18 trainees including 2 women from the Trekking Guide Training at the Bethlehem University; (ii) training of 58 partner NGOs' staff on income generation strategies, management and fiduciary systems; and (iii) 82 local wilderness guides have been trained of which 33 guides are certified
- Project created 137 jobs in communities along the Abraham Path, of which 35% and 57% are occupied by youth and women respectively. In addition, 61 local youth groups are engaged in the project
- 55 local councils/associations have signed partnership agreements with the Abraham Path. While, number of operators that run tours on Abraham Path has reached 8
- The number of walkers on the path continues to rise (6335 in December 2017).

Approved	Effective	Closing
January 22, 2014	January 23, 2014	June 30, 2018

IDA Grant (US\$ million)	
Total Allocation	Disbursed
3.32	3.02

### Key Government Partners

Ministry of Tourism

Abraham's Path Initiative

Masar Ibrahim

Bethlehem University

### Key Development Partners

USAID

AFD

## FINANCE FOR JOBS PROJECT

Private investment and private sector activity remain frail, concentrated mainly in low productivity sub sectors with weak employment growth. The volatile political situation along with the continued restrictions on movement, access, and trade further weaken the sector.

Private investment has averaged only 15 percent of GDP over the past seven years, while foreign direct investment has averaged only 1 percent of GDP. Gross capital formation as a percentage of GDP has dropped dramatically from 35 percent in 2000 to less than 15 percent in 2012.

The Finance for Jobs is the first of a Series of Projects with an overall objective of mobilizing private investment financing in high potential sectors and generating job opportunities. The project specifically seeks to address the significant constraints on private investment and the generation of job opportunities. The lack of financing enhancements needed to tackle the market limitations would be among the issues to be explored in addition to the mismatch of skills between those demanded by the private sector and those possessed by the graduates.



## DEVELOPMENT OBJECTIVES

Finance for Jobs aims to test the effectiveness of selected financial interventions.

## RESULTS

- Testing of Entrepreneurship Ecosystem Matching Grants: The PIA has progressed in testing this instrument by launching it in the market and awarding the first EE-MG to an early stage fund in support of eight startups.
- Capacity building to prepare for testing the Development Impact Bond and Investment Co-Financing Facility in F4J II.
- Accomplishment so far have paved the path for the Finance for Jobs II shifting to DIBs and to investing in the Investment Co-Financing Facility
- 90 percent of quality jobs created by the entrepreneurs were filled by young people and 44 percent are women.
- Gender sensitive financial tools were introduced to capture potential social value of jobs created, including three types of additional social externality returns on: women and more vulnerable beneficiaries; social stability and human capital accumulation.

Approved	Effective	Closing
December 18, 2015	November 30, 2016	July 31, 2020

IDA Grant (US\$ million)	
Total Allocation	Disbursed
5	1.79

### Key Government Partners

Ministry of Finance and Planning  
Private sector enterprises

### Key Development Partners

DFID  
Lets Work Partnership



## FINANCE FOR JOBS PROJECT II

The private investment needed to fuel job growth and labor demand remains at suboptimal levels with weak employment growth. Private investment averaged only 15 percent of GDP over the past seven years, while foreign direct investment averaged only 1 percent of GDP. Most formal enterprises are at the micro or small end of the firm size spectrum and the skills development sector remains insufficiently coordinated and linked to the private sector.

Significant mismatches continue to arise between the training provided by institutions in the West Bank and Gaza and what the private sector needs. Furthermore, the PA is cognizant of the need to foster more private sector participation and move away from the public-sector-oriented, supply-driven, and largely donor financed initiatives that have predominated to date. Meanwhile, the private sector is seeking new ways to engage in tackling the national economic challenges – both in shaping and financing solutions.

The F4J II includes a unique combination of key elements: job creation in a fragility, conflict, and violence context; piloting of innovative financial instruments; and public-private sector linkages.

## DEVELOPMENT OBJECTIVES

Finance for Jobs II aims at testing the effectiveness of selected financial interventions in incentivizing private sector investment and job creation.

## EXPECTED RESULTS

- **Help mobilize the private capital:** the project will measure the total private investment incentivized as a result of: (i) private capital catalyzed for a Development Impact Bond (DIB) and (ii) private investment co-financed by the private sector under an Investment Co-Financing Facility (ICF). The DIB is expected to launch in mid-2018. The ICF will launch with a “first mover” private investment initiative co-financed by the World Bank and IFC in the Gaza Industrial Estate to install rooftop solar panels on the factories, which is expected to contribute to job creation by enabling access to stable and cost-effective electricity.
- **Help with Job Creation:** It is expected that jobs will be created as a result of each of the tested financing instruments.

Approved	Effective	Closing
December 18, 2015	November 30, 2016	July 31, 2020

IDA Grant (US\$ million)	
Total Allocation	Disbursed
9.5	0

### Key Government Partners

Ministry of Finance and Planning  
Private sector enterprises

### Key Development Partners

DFID  
State and Peacebuilding Fund

## GAZA ELECTRICITY NETWORK REHABILITATION

Electricity and related networks in Gaza have been severely compromised by years of neglect and destruction due to conflict. At the same time, unmet energy demand in Gaza continues to grow rapidly. Due to these issues, the Palestinian Energy Authority decided to increase the capacity of the networks and also improve the network's efficiency, safety, and utilization.

To enable this, the Gaza Network Rehabilitation project was developed to support the investment needs of the Gaza Electricity Distribution Company's (GEDCO) and improve its technical, financial, and institutional capacity. Conditions in Gaza then deteriorated even further with the onset of the 2014 hostilities; fuel supplies to the power station were disrupted and a reduction in customer payment collections occurred.

The project is therefore supporting rehabilitation and repair of the electricity network severely affected from the damages caused during this period.



## DEVELOPMENT OBJECTIVES

The project seeks to restore and improve basic electricity services in Gaza.

## RESULTS

- 155,000 people in Gaza provided with access to new or improved electricity by household connections
- The following reconnections to the grid were accomplished: (i) 100 community electricity; 60 water pumping stations; (iii) 230 commercial consumers; and (iv) 9 hospitals and clinics
- On the facility improvement façade, the project" (i) replenished 80% of materials for emergency repairs; (ii) constructed/rehabilitated 180 kilometers of distribution lines; and (iii) constructed/rehabilitated 155 transmission lines, which reflected in 28% reduction in system electricity loss.
- 60% re-establishment of tariff collection
- Request for Proposal finalized for an electricity master plan for Gaza

Approved	Effective	Closing
March 6, 2012	June 18, 2012	March 31, 2019

IDA Grant (US\$ million)	
Total Allocation	Disbursed
23	20

### Key Government Partners

Palestinian Energy and Natural Resources Authority (PENRA)

Gaza Electricity Distribution Company (GEDCO)

### Key Development Partners

The Islamic Development Bank

European Commission

## HEALTH SYSTEM RESILIENCY STRENGTHENING PROJECT

The Palestinian health sector is in pressing need for critical support. Factors such as increasing Outside Medical Referrals (OMRs), pharmaceutical expenditures, salaries and the prevalence of Non-Communicable Diseases (NCDs) coupled with uncertain foreign aid have all contributed to undermining the sustainability of the health sector's financing.

The Health System Resiliency Strengthening Project (HSRSP) has been prepared with the vision of strengthening the fiscal condition of the health system and improving equity and fairness in the distribution of limited resources.

The project focuses on rationalizing OMRs (the main reason behind the arrears and deficit), and also supports capacity building at the MOH.



## DEVELOPMENT OBJECTIVES

The project supports the Palestinian Authority in securing continuity in healthcare service delivery and building its resilience to withstand future surge in demand for effective healthcare coverage.

## RESULTS

- In its efforts to mitigate the impact of post 2014 Gaza war, the project supported the hospitals' cleaning services, which resulted in a substantial reduction of the accumulated medical waste and the risk of infection outbreak from 60% to 10%.
- On the referral strategy and operational level, the project: (i) completed a referral master plan that was endorsed by the cabinet in 2016; (ii) is currently finalizing a National Pricing Reference Schedule; (iii) assisted in enhancing the institutional capacity of the Strategic Purchasing Unit in charge of managing referrals through the hiring of core staff such as financial and medical auditors; (iv) conducted a comprehensive Government Health Insurance Management Information System business analysis; and (v) finalized an action plan for the Universal Health Coverage Roadmap.
- Project upgraded the quality of medical services provided by governmental hospitals. This was achieved by purchasing medical equipment for two major hospitals in the Southern Governorate in six operating rooms at Alia Public Hospital, and an ultrasound doppler and a sterilizer for Beit Jala Hospital.

Approved	Effective	Closing
January 21, 2015	February 6, 2015	June 30, 2020

IDA Grant (US\$ million)	
Total Allocation	Disbursed
8.5	4.03

### Key Government Partners

Ministry of Health  
Health Professional Forum

### Key Development Partners

European Union  
Italian Cooperation  
USAID  
WHO  
DfID

## HEBRON REGIONAL WASTEWATER MANAGEMENT PROJECT (PHASE I)

In Hebron Governorate, 10,000 CM per day of sewage of Hebron Municipality flows untreated to the eastern aquifer and the communities along the sewage stream in Wadi As-Samen, which runs south towards the green line with Israel. While the Israel is treating the sewage from Wadi As-Samen, the treatment costs are charged to the Palestinian Authority and the treated effluent does not benefit the Palestinian farmers from using it for agriculture.

Based on the Palestinian Authority's plan, the Hebron Regional Wastewater Management will erect a wastewater treatment plant to address the environmental challenge.



## DEVELOPMENT OBJECTIVES

The project seeks to reduce the environmental pollution from wastewater produced in the Hebron Municipality.

## RESULTS

- An access road to the site of the future treatment plant, to the south of Hebron city, has already been completed.
- Construction and operation of the wastewater treatment plant is expected within few months.
- Technical Assistance to Hebron Municipality for the establishment of a water utility, with appropriately trained staff and adequate wastewater tariff, will start within weeks.

Approved	Effective	Closing
April 22, 2015	February 10, 2016	December 31, 2022

IDA Grant (US\$ million)	
Total Allocation	Disbursed
4.5	.85

Parallel financing 4.82

### Key Government Partners

Palestinian Authority

Hebron Municipality

### Key Development Partners

AFD, USAID, and EC

## LOCAL GOVERNANCE AND SERVICES IMPROVEMENT PROGRAM

Strengthening Local Government Units (LGUs) and enabling them to perform as fully functional local governments accountable to citizens are key priorities for the Palestinian Authority (PA). However, support from donors and the PA has largely focused on service delivery infrastructure with little attention to issues of LGU management, financing and performance.

The PA is now emphasizing local infrastructure service delivery in a more accountable and responsive manner. However, institutional challenges related to sustainable financing and accountable service delivery persist. The PA recognizes that the current financing model is ad-hoc and requires substantial reforms to render it transparent and predictable.

The Local Governance and Services Improvement Program (LGSIP) directly supports the PA's Village Support Program outlined in the National Development Plan 2014-2016 and the sector strategies for developing a systematic and transparent funding and capacity development mechanism for improved service delivery in villages. A Program for Results, the LGSIP is helping system changes by leveraging the actions of the Program Action Plan and Disbursement Linked Indicators to trigger needed reforms in the sector. LGSIP is financing delivery of local services by Village Councils (including joint projects among VCs), and capacity support.



## DEVELOPMENT OBJECTIVES

The project seeks to strengthen the local government financing system and improve local service delivery in Program Villages.

Approved	Effective	Closing
November 2, 2015	Not yet	December 31, 2020

## RESULTS

- A number of key reforms in fiscal transfer system were carried out: the annual capital grant allocation formula was approved by the Palestinian Authority, and the timely communication and transfer to Village Councils (VCs) of the formula-based Annual Capital Investment Grants sustained.
- Program target has been surpassed (75% vs 60%) of VCs submitting electronically their annual budget to the Ministry of Local Government on time and their budgets disclosed publicly.
- 19 (of the target 22) Joint Service Councils have qualified to obtain LGSIP funding for joint projects.
- The number of people benefiting from improved service delivery in Program villages has already reached almost 75% of the project mid-term target.
- 139 VCs will complete their Annual Capital Investment Plans this year and 61 VCs will update their existing ACIPs.

(US\$ million)	Total Allocation	Disbursed
IDA Grant	5	2
Co-financing	13	0

### Key Government Partners

Ministry of Local Government  
Municipal Development and Lending Fund  
Ministry of Finance

### Key Development Partners

Belgium  
Denmark  
Germany  
Sweden  
Switzerland

## NORTH GAZA EMERGENCY SEWAGE TREATMENT

Due to the ongoing conflict in Gaza, wastewater treatment systems were below standard. Adequate wastewater treatment and disposal were lacking, infrastructure was damaged, treated wastewater reuse was not exploited, related laws needed to be implemented, and collections/tariffs were insufficient to cover costs of the wastewater treatment system. With this as a backdrop, after the 2003 rainy season, there was a risk of the effluent lake at the Beit Lahia Wastewater Treatment Plant overflowing again (as it had in 1989 and 1992).

Recognizing the immediate and serious threat that overflow posed both as a health problem for the people in the surrounding area and environmental concerns, the Palestinian Water Authority initiated temporary emergency procedures to prevent the overflow.

The NGEST project was developed as an emergency response to mitigate the impact of this crisis in the northern part of Gaza. It also provides longer term solutions by operating a new wastewater treatment facility with improved effluent quality standards.



## DEVELOPMENT OBJECTIVES

The project aims to mitigate the immediate gathering health and environmental safety threats to the communities surrounding the effluent lake at Beit Lahia Wastewater Treatment Plant; and to provide a satisfactory long-term solution to the treatment of wastewater for the Northern Governorate in Gaza.

## RESULTS

- Wastewater pipeline installed (8 km) and associated terminal pumping station are constructed to bring sewage from the Beit Lahia lake to the new WWTP; infiltration basins to infiltrate the treated wastewater back into the aquifer are constructed and maintained.
- New WWTP is constructed and a 2-year operations and maintenance contract has started to gradually enable Palestinian stakeholders to take over the operation of the WWTP.
- Once fully operational (planned for May 2018), 550,000 people will benefit from wastewater treatment interventions, and the effluent lake will be drained and no longer a threat to the surrounding communities at Beit-Lahia.

Approved	Effective	Closing
September 7, 2004	July 31, 2012	June 30, 2018

(US\$ million)	Total Allocation	Disbursed
IDA Grant	44	44
Co-financing	5	3.7

### Key Government Partners

Palestinian Water Authority

### Key Development Partners

The European Investment Bank

French Development Agency

Government of Belgium

The European Commission

The Swedish International Development Agency

Denmark

Finland

The Netherlands

Portugal

Croatia

## SECOND MUNICIPAL DEVELOPMENT PROJECT

The Palestinian population is largely urban with 74 % living in 134 municipalities. Although the Palestinian Authority (PA) and municipalities made significant progress in local service delivery, municipal governments continue to face challenges with the coverage and the quality of municipal services. Budgets cut, poor management, and a culture of non-payment among users create financial difficulties to improve services. In 2009, the PA developed the Municipal Development Program which was supported by seven donors including the Bank through the multiphase Municipal Development Project (MDP).

MDP2, completed in February 2018, aimed to strengthen local government through greater fiscal and administrative autonomy. It supported the Municipal Development and Lending Fund which was created in 2005 to address financing and capacity building needs of municipalities. The project helped improve municipal management and governance practices, and contributed to better coverage and improved quality of services.



## DEVELOPMENT OBJECTIVES

The project seeks to improve municipal management practices for better service delivery and municipal transparency, and to restore priority municipal services following the conflict in Gaza. The PDO builds on the first project but also introduces a focus on service delivery, which is a sector level goal of the PA's multiphase MDP. The PDO was revised to reflect the emergency response additional financing after the conflict in Gaza in 2014.

## RESULTS

- Established a performance ranking system that rewards transparency and good governance, and a fiscal transfer system that also coordinates donor support.
- 80 municipalities graduated up the performance ladder, with 132 municipalities updating their fixed assets, 81% of municipalities set up east two public disclosure mechanisms, and 90% of municipalities recording at least 20% reduction in processing time for at least two of the defined set of services.
- 2.5 million beneficiaries from public parks established and some 400 kms of road constructed and rehabilitated.
- 125 municipalities annually updating their Strategic Development and Investment Plans.
- 25 municipalities piloting projects including those on renewable energy, E-municipality, and Local Economic Development.

Approved	Effective	Closing
March 23, 2013	August 22, 2013	February 28, 2018

(US\$ million)	Total Allocation	Disbursed
IDA Grant	13	13
Co-financing	44.70	44.67

### Key Government Partners

Ministry of Finance  
Ministry of Local government  
Local Governance Units

### Key Development Partners

Belgium (BTC)  
Denmark (DANIDA)  
European Commission (EC)  
France (AFD)  
Germany (GTZ)  
Netherlands (VNG)  
Sweden (SIDA)  
Switzerland (SDC)

## THIRD MUNICIPAL DEVELOPMENT PROJECT

Local Government Units (LGUs) are critical for the delivery of key infrastructure and basic services. Yet they struggle to meet their assigned functions due to sub-optimal revenue potential, weak budgetary practices, and administrative fragmentation. Most municipalities provide fewer than 12 of the 27 prescribed services specified by the Local Government Act of 1997. Municipal capital investment expenditures remain small and insufficient to meet the critical needs for service extensions and economic development in rapidly growing municipalities. The low municipal financial and institutional capacity is also limiting the potential to mobilize private capital for urban infrastructure.

The Municipal Development Project series is helping municipalities address these challenges. The recently launched third MDP aims to consolidate and scale up past gains under MDP 1 and MDP 2 in municipal performance and accountability enhancement. MDP3 will also strengthen the enabling environment at the central level and municipal partnerships with the private sector to improve the efficiency and sustainability of municipal services. The MDP will continue to serve as a model for an eventual fiscal transfer system for the PA.



## DEVELOPMENT OBJECTIVES

The project aims to enhance the institutional capacity of municipalities in the West Bank and Gaza for more accountable and sustainable service delivery.

## RESULTS

- Strengthened municipal institutions through the provision of block and performance based grants
- Accountable and responsive service delivery through the public disclosure of executed budget and executed SDIP
- Financially sustainable municipalities with operational and enterprise surplus and no increase in arrears
- Citizen engagement throughout the life cycle of sub-projects.
- Strengthened linkages with the private sector by enhancing the capacities of municipalities to partner with the private sector in municipal service delivery and local economic development.
- Municipalities being able to mobilize private sector resources to finance local service delivery.

Approved	Effective	Closing
July 21, 2017	December 14, 2017	February 28, 2022

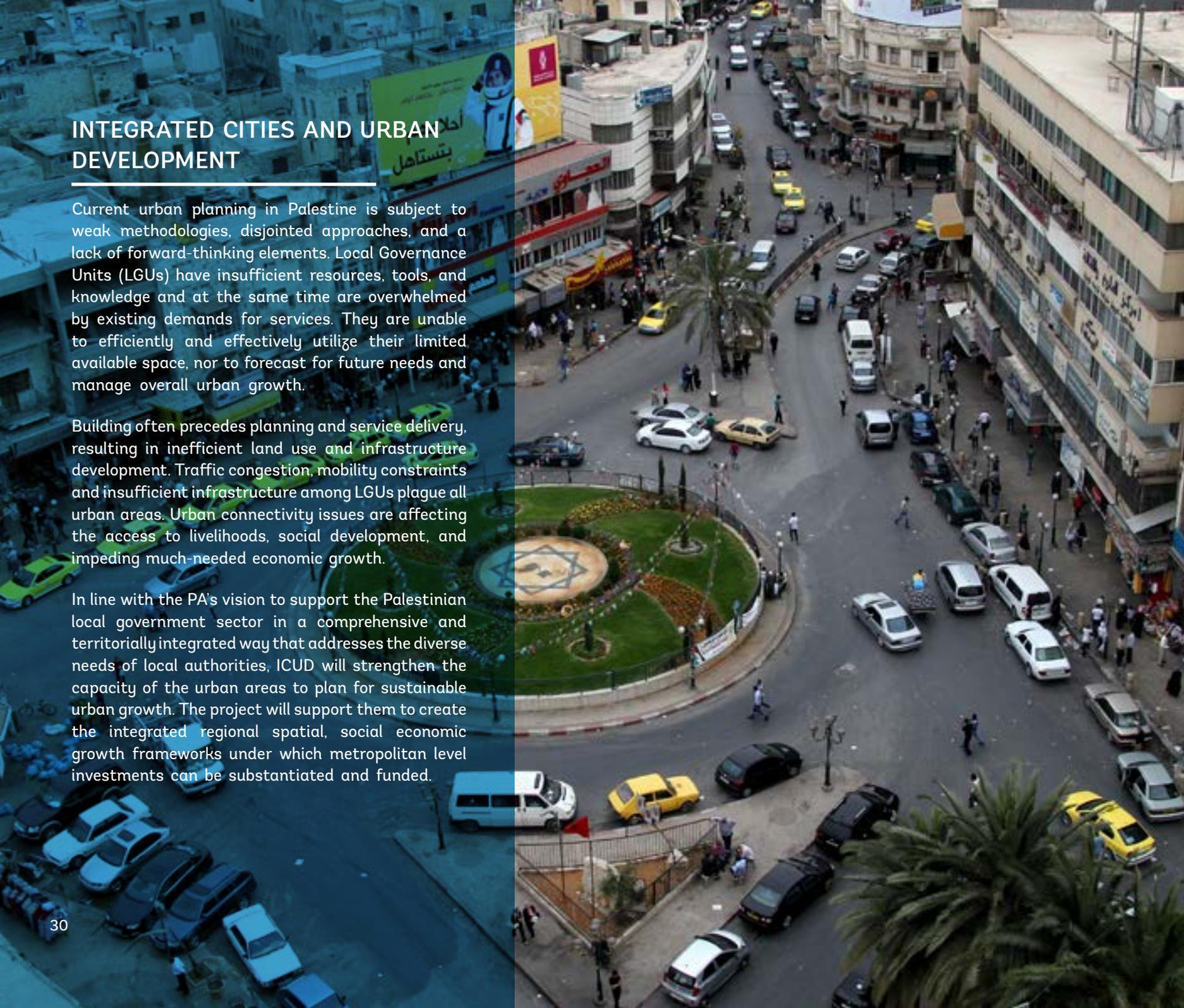
(US\$ million)	Total Allocation	Disbursed
IDA Grant	16	0
Co-financing	20	0

### Key Government Partners

Ministry of Finance,  
Ministry of Local government,  
Local Governance Units

### Key Development Partners

Belgium (BTC)  
Denmark (DANIDA)  
European Commission (EC)  
France (AFD)  
Germany (GTZ)  
Netherlands (VNG)  
Sweden (SIDA)  
Switzerland (SDC)



## INTEGRATED CITIES AND URBAN DEVELOPMENT

Current urban planning in Palestine is subject to weak methodologies, disjointed approaches, and a lack of forward-thinking elements. Local Governance Units (LGUs) have insufficient resources, tools, and knowledge and at the same time are overwhelmed by existing demands for services. They are unable to efficiently and effectively utilize their limited available space, nor to forecast for future needs and manage overall urban growth.

Building often precedes planning and service delivery, resulting in inefficient land use and infrastructure development. Traffic congestion, mobility constraints and insufficient infrastructure among LGUs plague all urban areas. Urban connectivity issues are affecting the access to livelihoods, social development, and impeding much-needed economic growth.

In line with the PA's vision to support the Palestinian local government sector in a comprehensive and territorially integrated way that addresses the diverse needs of local authorities, ICUD will strengthen the capacity of the urban areas to plan for sustainable urban growth. The project will support them to create the integrated regional spatial, social economic growth frameworks under which metropolitan level investments can be substantiated and funded.

## DEVELOPMENT OBJECTIVES

The project aims to enhance the capacity of participating urban areas to plan for sustainable urban growth.

Approved	Effective	Closing
September 21, 2016	December 5, 2016	June 30, 2021

## RESULTS

- All the ICUD beneficiary urban areas have established intra-urban area coordination mechanisms to carry out project activities for joint planning and development.
- Training workshops for urban areas on the utilization of urban growth scenarios.
- Demand-based capacity development plans have been jointly developed and initial procurement is underway for all 5 urban areas.
- A workshop conducted for the newly elected mayors to orient and integrated them into the planning project.
- Launch of the urban growth scenario modeling and training for urban areas by an international expert firm in April 2018.

IDA Grant (US\$ million)	
Total Allocation	Disbursed
5.0	0.52

### Key Government Partners

The Ministry of Local Government, the Municipal Development and Lending Fund, the Ministry of Finance and Planning.

## EDUCATION TO WORK TRANSITION

Equipping the workforce with job-relevant skills is a key priority and challenge. Palestine has experienced a doubling of students every 15 years and despite the labor force becoming more educated, educational attainment is low relative to comparator countries.

Labor force participation is also low largely due to low female participation and high unemployment, particularly among highly skilled women. One of the objectives of the PA's Education Development Strategic Plan 2008-2012 (EDSP) was to move from focusing on access to education towards quality of education for all. The education system, however, has been focusing mainly on achieving traditional cognitive skills while mismatches remain in the supply of skills relative to their demand.

The Education to Work Transition project (E2WTP) was created to tackle this issue. The main component of E2WTP is the Quality Improvement Fund (QIF) which aims at developing and implementing employment oriented education programs in partnership with the private sector.



## DEVELOPMENT OBJECTIVES

The project aims to improve education to work transition of young Palestinians attending participating tertiary education institutions (TEIs) through partnerships between TEIs and the private sector's employers and capacity enhancement of the Ministry of Education and Higher Education.

## RESULTS

- Reduction in unemployment rate for participating TEIs by 10%.
- 11,720 people are using the graduate tracking portal
- 72% of the subprojects now jointly design study programs between participating TEIs and employers. This led to 94% of the subprojects are making work practicums available to students
- 6380 students including 49% female, are benefiting directly from projects by completing job placement programs and are supported in their final year research project
- 20 out of 33 subprojects already completed. They were awarded to 21 Tertiary Education Institutes partnering with private sector.
- After establishing partnerships with TEIs, employers of at least nine different economic sectors regularly provide skill practice places to participating students
- The study programs, syllabus and teaching methods of at least 16 TEIs (26 programs) have been redesigned with full involvement of the private sector.

Approved	Effective	Closing
May 15, 2012	July 31, 2012	January 31, 2022

IDA Grant (US\$ million)	
Total Allocation	Disbursed
11.5	7.2

### Key Government Partners

Ministry of Education and Higher Education; Tertiary Education Institutes

### Key Development Partners

GTZ,  
BTC  
EU

## CASH TRANSFER PROJECT

Historically, the social assistance sector lacked donor coordination and effective poverty-targeting mechanism. In addition, the limited institutional capacity of the Ministry of Social Development (MoSD) prevented it from dramatically reforming the Social Safety Net (SSN) and from managing an advanced large-scale cash assistance program. Further, there was no national strategy or action plan to inform and guide social protection initiatives.

To address some of these limitations hampering the effective functioning of the sector, the World Bank promoted deep policy reforms in 2004. This resulted in a dramatic shift in SSN policy which included: (1) an emphasis on assisting the extremely poor households as a priority; and (2) a reliance on a poverty targeting formula, rather than categorical measures, for selecting the poor households.

In 2010, the EU funded Special Hardship Cases Program and the World Bank funded Social Safety Net Reform Project were merged into one program – called the Cash Transfer Project (CTP). CTP has become the largest social assistance program, providing needed support to the extremely poor and vulnerable poor Palestinian households, including female-headed households, the elderly, and persons with disabilities and chronic illnesses. Administered by MoSD, the CTP is now the PA's main instrument to combat the high rates of poverty and unemployment in West Bank and Gaza.



## DEVELOPMENT OBJECTIVES

The project aims to mitigate the impact of the continued socio-economic crisis on a subset of the extremely poor and most vulnerable households and to support the Palestinian Authority's efforts to continue reforms of the Cash Transfer Program (CTP).

## RESULTS

- Quarterly cash benefits reached approximately, 115,000 poor households (44% of which are female-headed households), which covers more than half of the poorest quintile. The project is also devoting two-thirds of its resources to the extreme poor. About two third of CTP beneficiaries reside in Gaza Strip and one third in the West Bank. Beneficiaries are distributed as follows: 54% in cities; 20% in refugee camps and 26% in rural areas. 53% of CTP beneficiaries have refugee status.
- The project effectively engages citizens through a well-functioning Grievance and Redress Handling Mechanism.
- Beneficiary councils and joint planning groups were established by MoSD as part of the outreach campaign. Consultation meetings with local communities, civil society organizations and various stakeholders held. This mechanism combined with the GIS use promoted a more participatory and transparent beneficiaries' selection process and built trust among citizens and key stakeholders.
- MoSD plans to revise the Proxy Means Test (PMT) formula based on the most recent Palestinian Expenditure Consumption Survey and Palestinian Central Bureau of Statistics data to further improve the [model](#).

Approved	Effective	Closing
April 28, 2011	May 23, 2011	June 30, 2018

IDA Grant (US\$ million)	
Total Allocation	Disbursed
20.0	20.0

### Key Government Partners

Ministry of Social Development,  
Ministry of Finance and Planning

### Key Development Partners

European Union

## SOCIAL PROTECTION ENHANCEMENT PROJECT

Political shocks and episodes of conflict frequently erode welfare gains and increase the risk of the vulnerable falling below the poverty line, particularly in Gaza. Vulnerability is a major area of concern with regard to women who very often are exposed to household violence.

Through its new Social Development Sector Strategy (SDSS), the PA aims at improving the protection of the poor and their access to economic opportunities. Under this new strategic vision, social policies aim to protect the poor and the vulnerable and also help them grow, become independent and contribute to economic development.

Through building up on the previous Cash Transfer Project that provided cash assistance to poor households, the Social Protection Enhancement Project (SPEP) will support the implementation of the SDSS.



## DEVELOPMENT OBJECTIVES

The Project seeks to establish a single targeting and referral system to provide cash benefits and services to poor and vulnerable households.

## RESULTS

- The project will address multi-dimensional poverty and to promote productive inclusion by introducing an innovative case management system to provide services to the extreme poor.
- In the short-term, the project will increase food consumption (quantity and quality of meals).
- In the medium/long-term: the project will promote the protection and growth of human capital of targeted children from extreme-poor households, complemented by support services identified through the CMS. It will also aim at mitigating high rates of violence against women and girls through prevention counseling and referral services during home visits.

Approved	Effective	Closing
July 27, 2017	October 10, 2017	March 21, 2023

IDA Grant (US\$ million)	
Total Allocation	Disbursed
15	2

### Key Government Partners

Ministry of Social Development  
Ministry of Finance and Planning

## TEACHER EDUCATION IMPROVEMENT PROJECT

Education is highly valued across the Palestinian territories and public spending on education has increased in real terms in the last decade. However, teacher education programs at the pre-service and in-service teacher education as well as the continuous professional development levels need further improvement.

The Palestinian Authority's Teacher Education Strategy found that teacher education programs were outdated and over-theoretical, with insufficient focus on the practicalities of actual teaching, inadequate teaching practice arrangements, and program delivery methods that helped to perpetuate rather than prevent the continuation of outdated, teacher-centered, transmission-oriented, methodologies on the part of teachers and student teachers.

In 2010 the World Bank Teacher Education Improvement Project stepped in, targeting 1st through 4th grade classrooms, with a focus on collaboration with well-known local universities. Additional financing was added to the project in January 2016 to develop new core curricula and increase the level of pre-service teacher development



## DEVELOPMENT OBJECTIVES

To improve the quality of teacher education of class teachers teaching in West Bank and Gaza thereby contributing to enhancing student learning in primary schools.

## RESULTS

- 80 percent of teachers participating in higher education institutions are scoring above 70% in the Readiness to Teach instrument. Increasing the ratio of qualified teachers from 62% to 80%
- Primary education degree programs for new teachers were redesigned to focus on adequate practicum training.
- 2,011 under-qualified teachers have been trained to upgrade their teaching skills thus bringing their qualifications to an equivalent of a professional certification. Around 260 classroom teachers were trained to be mentors.
- The Project created and implemented an up-to-date practicum template in the West Bank and Gaza to better train new classroom teachers.
- The participating universities completed the design of the practicum manual that was used by 293 graduates
- 70 participating schools (45 in West Bank and 25 in Gaza) received teaching materials, including technology that facilitated teachers' development.
- Teachers created communities of practice, which had positive impact on their behavior, attitudes and expectation.

Approved	Effective	Closing
June 24, 2010	October 28, 2010	June 30, 2019

IDA Grant (US\$ million)	
Total Allocation	Disbursed
8.0	6.4

### Key Government Partners

Ministry of Education and Higher Education;  
Local Universities:

UK Canterbury Christ Church University  
governmental,

UNRWA and private schools in the West Bank  
and Gaza

### Key Development Partners

the Joint Financing Partners,

UNESCO,

USAID,

AmidEast

## ELECTRICITY SECTOR PERFORMANCE IMPROVEMENT PROJECT

In the last two decades, electricity sector reform process has improved and consolidated the energy sector from a fragmented municipal based system to a more efficient single buyer model in West Bank & Gaza.

As continuation of the reform progress, further efforts are required to achieve improvements in revenue management, address power supply constraints, and ensure a creditworthy and sustainable electricity sector in Palestine.

To address these issues, the Electricity Sector Performance Improvement project was designed and became effective on January 16, 2018.



## DEVELOPMENT OBJECTIVES

Project Development Objective 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.

## RESULTS

- 90% collection rate (revenue compared with billed amount) by PETL from DISCOs (now 0%)
- Electricity losses reduced by 4% due to enhanced capacity and; implementation of revenue protection program (covering 13,200 large consumers) and an improved management information systems (MIS) in the 5 Distribution Companies in West Bank
- 800 rooftop solar PV systems installed by households (including 100 by women headed households) and 250 solar PV systems installed by SMEs in Gaza, through the revolving fund.

Approved	Effective	Closing
July 27, 2017	January 16, 2018	June 20, 2022

(US\$ million)	Total Allocation	Disbursed
IDA Grant	4	0
Co-financing	7	7

### Key Government Partners

PENRA, PETL, PERC, DISCOs

### Key Development Partners

The Royal Government of Norway through the PID MDTF

## GAZA SOLID WASTE MANAGEMENT PROJECT

The generation and managed disposal of solid waste in the Palestinian Territories is a well-recognized development concern given the volume of waste generated. Gaza in particular faces technical, environmental, social, institutional and financial challenges to handle this volume, due to restricted access (border closures).

The Gaza Solid Waste Management project aims to address these issues by supporting a combination of (i) strategic infrastructure investments (including construction of a new landfill, two transfer stations, new equipment and an access road, closing the existing dump site, purchasing land for the new landfill); (ii) institutional strengthening and capacity building and; (iii) skills and technology development.



## DEVELOPMENT OBJECTIVES

To improve solid waste management services in the Gaza Strip.

## RESULTS

- The Al Fukhari dumpsite has stopped operation and works to stabilize the dumpsite have begun.
- 16 waste pickers, including 1 female, have been provided with safe exit from the unsanitary conditions at the old Al-Fukhari dumpsite, after being provided with temporary jobs in the beneficiary municipalities. The project created 2,200 days of temporary work.
- A short-term disposal cell has been constructed

Approved	Effective	Closing
March 31, 2014	July 9, 2014	November 30, 2019

IDA Grant (US\$ million)	
Total Allocation	Disbursed
10.75	2.5

### Key Government Partners

Municipal Development and Lending Fund  
The Joint Services Council for Solid Waste Management for Khan Younis, Rafah, and Middle Area.

### Key Development Partners

European Commission  
French Agency for Development  
Islamic Development Bank/UNRWA,  
Government of Sweden (through the PID MDTF), UNDP

## OUTPUT-BASED AID PILOT SOLID WASTE MANAGEMENT IN THE WEST BANK PROJECT

Unsanitary waste collection and disposal in the southern West Bank has been a serious public health and environmental hazard, with the poorest governorates of the southern West Bank, Bethlehem and Hebron, generating approximately 20% of the West Bank's waste. Prior to the implementation of a viable solid waste disposal scheme in the southern West Bank under a previous project (Southern West Bank Solid Waste Management Project), disposal of waste at unregulated dumpsites at the edge of towns and villages was very common.

These actions mainly affected the poorer population. In addition to the disposal, it was also necessary to improve waste collection services to achieve the overall integrated goal of the Palestinian Authority's Solid Waste Management Strategy.

This pilot Global Partnership for Output Based Aid (GPOBA) project focuses on improving upstream user service to improve how citizens pay for solid waste disposal. It also provides subsidies to local authorities to enable households to benefit from better quality, affordable, sustainable waste collection, transport, and safe disposal. The subsidy is provided to local authorities that meet minimum targets for achieving five key performance indicators and needs to be used during the first four years of the operation of the Al-Minya landfill - when revenues from user fees are not enough to cover the increased costs of adequate service delivery.



## DEVELOPMENT OBJECTIVES

The project aims to improve access to quality and financially sustainable solid waste management services for users in the southern West Bank.

## RESULTS

- 100% local authorities collectively achieved acceptable cleanliness of streets, with 100% solid waste sanitarly managed. 84 % increase in billing to cost ratio has been achieved. Solid Waste Management Tariff and Costing Guideline are developed and enforced.
- Percentage of citizens who have been paying their solid waste fees reached 76%, and 72% in Hebron and Bethlehem governorates respectively.
- Plans for the closure of unsanitary dumpsites developed. Plans for achieving environmental best practices are produced and continue to be monitored.
- An institutional framework has been established for the integrated solid waste management plan.
- A Management Information System for monitoring municipal solid waste management performance has been established.

Approved	Effective	Closing
February 8, 2013	October 2, 2013	June 30, 2018

IDA Grant (US\$ million)	
Total Allocation	Disbursed
8.28	8.28

### Key Government Partners

Ministry of Finance  
 Joint Service Council for Hebron and Bethlehem (JSC-H&B)  
 Ministry of Local Government  
 Ministry of Environmental Affairs (MEnvA).

### Key Development Partners

European Union. IFC The World Bank Group.

## GAZA SUSTAINABLE WATER PROGRAM

The Gaza Strip is located in an area of extremely scarce renewable water resources. Because of this, Gaza has experienced an unsustainably high rate of groundwater extraction that has, in turn, led to lowering the water table level and the gradual intrusion of seawater into the aquifer. Potable water supply via the piped network is now poor in terms of both quantity and quality, with most of the population forced to buy expensive desalinated water from small producers for potable purposes.

The Gaza Sustainable Water Supply Program is supported by a US\$2.5 million small grant from the Partnership for Infrastructure Development Multi-Donor Trust Fund. This grant is funding the Associated Works that are conceived to substantially augment the water transmission, storage, mixing and distribution infrastructure for potable water in the whole of Gaza.



## DEVELOPMENT OBJECTIVES

The project aims to make available to the Palestinian Water Authority studies and key initiatives needed to support the preparation of the Gaza Sustainable Water Supply Program.

## RESULTS

- Associated Works infrastructure is designed, the tender documents are prepared and are now ready for bidding as soon as funding is available.
- Non-revenue water program designed and ready for implementation as soon as funding is available.
- The Donor Pledging conference for the entire €562.3 million Program (i.e., the Gaza Central Desalination Plant plus the Associated Works; recently updated figures) was held on 20 March 2018 and €456 million was pledged. Arab donors, through the Islamic Development Bank, have committed to fund 50% of the Program's cost (included in the €456 million pledged).

Approved	Effective	Closing
October 12, 2015	January 5, 2016	May 31, 2018

IDA Grant (US\$ million)	
Total Allocation	Disbursed
2.5	2.28

### Key Government Partners

Palestinian Water Authority  
Coastal Municipal Water Utility

### Key Development Partners

The European Investment Bank (EIB)  
European Commission  
USAID





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