Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 15-Jun-2022 | Report No: PIDC31364

Public Disclosure Authorized

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Parent Project ID (if any)	Project Name
West Bank and Gaza	P176025		Water Security and Resilience Program (P176025)
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
MIDDLE EAST AND NORTH AFRICA	Jan 04, 2023	Mar 30, 2023	Water
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	Palestine Liberation Organization for the Benefit of the Palestinian Authority	Palestinian Water Authority (PWA)	

Proposed Development Objective(s)

The Project Development Objective (PDO) is to improve reliability and quality of water supply services and to strengthen the financial and operational performance of sector institutions in the Palestinian territories for improved service delivery.

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	41.00
Total Financing	41.00
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	41.00
Partnership for Intrastructure Development MDTF	26.00
Special Financing	15.00

Environmental and Social Risk Classification	Concept Review Decision
Substantial	Track II-The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **In 2021, the Palestinian economy started its recovery from the pandemic. Despite new waves of COVID-19 cases, lockdowns were significantly eased in 2021.** This, combined with the pickup of the vaccination campaign, allowed consumer confidence to slowly improve and business activity to gradually rebound. Official data are available only until the third quarter of 2021, and they show that real Gross Domestic Product (GDP) of the Palestinian economy grew by 5.6 percent, year-on-year (y-o-y), driven by the services and industry sectors.

2. **The year 2021 witnessed a significant regional disparity in economic activity between the West Bank and Gaza.** The West Bank grew by 6.5 percent in the first three quarters of 2021, y-o-y, mostly driven by consumption due to the ease of COVID-related measures and an increase in the number of Palestinians working in Israel and the settlements from 125,000 in 2020 to 145,000 in Q3 2021. The average daily wage of these workers is NIS266-- twice the average daily wage in the West Bank, implying a larger impact on demand. In Gaza, the violent conflict that took place in May 2021 negatively impacted economic activity and is estimated to have destroyed 2 percent of Gaza's capital stock. Despite an increase in public spending in Gaza and some reconstruction efforts, Gaza's real GDP growth is estimated at 1.5 percent in the first three quarters of 2021, y-o-y.

3. **An increase in the participation rate in the labor market has resulted in stubbornly high unemployment in 2021. Even though the lockdowns were eased in 2021, the unemployment rate increased and reached 24.2 percent in Q4 2021 in the Palestinian territories -- up from 23.4 percent in Q4 2020.** The increase could be explained by a 3.2 percentage point rise in the participation rate between Q4 2020 and Q4 2021 as a higher number of men and women were encouraged to join the labor market with the improvement in economic conditions. The overall rate masks a wide regional divergence whereby unemployment in the West Bank reached 13.2 percent in Q4 2021 while in Gaza it was 44.7 percent, reflecting the effect of the 11-day conflict compounded with difficult COVID-19 conditions and the ongoing blockade.

4. **Inflation in the Palestinian territories turned positive in 2021, reflecting a gradual increase in demand and higher food and energy prices**. Growth in consumer prices had been modest prior to the outbreak of COVID-19, where prices generally moved in the 1-2 percent range. However, in April 2020, growth in prices turned negative and continued this trend throughout the year. In total, prices in 2020 were 0.7 percent lower than in 2019, reflecting weak demand by consumers. Consumer prices gradually increased in 2021, reflecting a pickup in demand as well as rising global food and energy prices. For the full year 2021, the CPI rose by 1.2 percent, y-o-y. Price increases have continued in 2022 and data for January show that the CPI rose by 2.7 percent, y-o-y, and by 2.97 in February mainly due to higher food prices. Recently, Palestinians in the West Bank took to the streets, demonstrating against tax hikes that the PA imposed on sweet drinks and plastic utensils in February 2022, to abide by the Paris Agreement following similar measures on the Israeli side.

Sectoral and Institutional Context

5. **The water sector in the West Bank and Gaza (WB&G) is suffering from 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.** This leads to low per capita water availability, inadequate water service in terms of access, reliability and water quality, and major seasonal water shortages. The challenge is further exacerbated due to impending environmental and public health collapse in Gaza, with 96% of water resources unfit for use by Gaza's 2.1 million inhabitants, due to saline water intrusions. The existing water supply and wastewater and reuse infrastructure is deteriorated due to inadequate operation and maintenance, as programming and financing of O&M expenses is ad-hoc, resulting in deferred maintenance, increasing inefficiency of the systems and high NRW and causing inadequate and unreliable access to potable water, particularly in Gaza and Area C of the West Bank. Despite the reform efforts, the sector institutions continue to be weak and fragmented with more than 300 small and local water service providers (SV) established at the Local Government Unit (LGU) level and village councils (VC). Since the Palestinian Water Authority (PWA) has no technical or administrative control over LGUs, there is a governance gap in the sector. The Ministry of Local Government (MoLG) exercises administrative supervision of LGUs, but water service delivery is loosely supervised. Operational and financial performance of these providers is not sustainable and restricts provision of reliable services to population.

6. **The West Bank Water Department (WBWD) currently responsible for purchases and distributes bulk water to service providers in the West Bank, mainly LGU and VC.** The main primary water sources are the Israeli bulk water supply company Mekorot (about 70 million m3) and Palestinian Water Authority (PWA) wells and springs (about 60 million m3). Another 62 million m3 are pumped from West Bank wells and used for agricultural purposes. The water purchased from Mekorot accounts for more than 50 percent of the total volume of water delivered for drinking purposes. Against the PWA target of providing 120−150 liters per capita per day (lcd), domestic consumers in the West Bank receive just 40 lcd on an intermittent basis, inequitably available across the territory. Palestinians are increasingly dependent on Mekorot for bulk water purchases with a new commitment for an additional 32 MCM/year (22MCM for West Bank and 10 MCM for Gaza) and is in negotiations for a further 34 MCM, so that overall purchases may reach some 130 MCM annually.

7. **All bulk water purchases through Mekorot put the Palestinian Water Authority in further arrears to Israel because of the lack of cost recovery at the service-provider level which contributes to both a continued stagnation in service delivery and a lack of domestic financial resources available to the Palestinian Authority.** In 2021, the Israeli Ministry of Finance deducted US$140 million from clearance revenues to the PA. This is for (i) unpaid Mekorot water bills that service providers failed to pay, and (ii) treatment of raw wastewater that flows into wadis in the West Bank and reaches Israel. The Ministry of Finance is now recovering arrears (so-called "net lending") which is already causing difficulties for municipalities. With the increasing water demand in WB&G, the situation is expected to worsen as it will add pressure on already compromised services, affecting the willingness of consumers to pay and further hindering the net lending situation. In addition, the deductions for untreated wastewater will continue until West Bank can implement its plan for collection and treatment of all its wastewater.

8. **The availability and quality of drinking water per capita does not meet World Health Organization (WHO) standards.** The availability of water supply for each Palestinian in West Bank has fallen sharply from 1999 levels of 190 lcd to only 74 lcd in 2020; in Israel, the actual supply is in the range 240 – 300 lcd. The availability of water supply in Gaza is estimated at 90 lcd, but the water is of such poor quality that, in reality, only 6 percent of the Gaza population has access to safely managed drinking water services as per the SDG definition. By the same SDG measure, 80 percent of West Bank consumers have access to intermittent water supply.

9. **Access to piped water connections in WB&G is high, reaching more than 95% of the populations. However, in the WB&G, about 30 percent of households face daily intermittent water supply, while most people have access to water only 11 to 20 days per month.** This situation shifts the responsibility to manage the water shortage to the consumers, with the majority of households investing in roof tanks in order to cope with the irregular provision to bridge the water availability gap. While in the West Bank the quality of the groundwater is satisfactory, the quality of water is a major challenge for Gaza as the main aquifer has been contaminated by sea water intrusion, while chloride, sulfate and nitrogen are released in the water caused by poor wastewater facilities and agriculture activities. Levels of non-revenue water (NRW; technical and commercial losses) are high, representing an unsustainable and potentially disastrous situation for a very water-scarce economy. The average NRW in the West Bank (29 percent) ranges widely from very good (12 percent) to very poor (50 percent), showing large variations between service providers, while 15 percent of the water is lost at the bulk water supply level. On average, NRW in the West Bank is 267 liters of precious water lost per day for each connection – enough water to increase supply by half. The NRW in Gaza is very high (38 percent), ranging from the margin of good (28 percent) to very poor (53 percent) at service provider level and 40 percent at bulk water supply level. NRW amounts to a loss of 600 liters per day per connection in Gaza, enough to almost double water supply to each household[1].

10. **Sanitation coverage in WB&G is high, but the connection to sewage networks is much higher in Gaza than in the West Bank. In Gaza, access to improved sanitation is quasi-universal, with 73 percent of the population connected to sewage networks while the remaining population relies on on-site services.** In the West Bank, despite near-universal access to improved sanitation (94 percent), access to sewer connections is about 32 percent (collecting about 21 MCM), with rates varying widely by governorate. More than two-thirds of West Bank residents use cesspits, emptied by vacuum tankers, that dump their contents in open areas, valleys, sewage networks, and dump sites, creating serious public health and groundwater contamination risks. In Gaza, about 90 percent of the 80 MCM of generated wastewater is collected and partially treated – however, with limited reuse so far (a new project – funded by the French development agency, Agence Française de Développement (AFD) - for the reuse of the wastewater treated at the Northern Governorates treatment facilities is under design). The recent commissioning of four large wastewater treatment plants in Gaza has improved the overall sanitary situation.

11. **The long-term sustainability of the water and wastewater infrastructure, remains to be addressed as the current revenues collected in the sector do not cover the cost of operation and maintenance.** This situation is rooted in the high NRW levels, low billing and collection rates and inadequate tariffs – the factors which in combination undermine the financial viability of most service providers and impair their ability to invest in operation and maintenance. WSS service providers (SP) contribute 15 percent of total LGU revenues, an amount often retained for LGU general operating budgets rather than for sector re-investment which would facilitate SP payments for bulk water. The consequence is that the operating cost deficit must be paid for filled by a combination of government and donor funding – an often- a form of funding that undermines the ability of the providers to maintain or improve service and /or plan on attract the private sector. In the case of the wastewater treatment plants, the donors - German Bank for Reconstruction (kfW) and the World Bank[2] are financing the O&M costs over the first five years of operation with the commitment of the PWA and beneficiary municipalities to increase their contribution gradually – through tariff adjustments or municipal support – to cover efficient operation and maintenance costs. The same situation is expected to emerge in the case of the Hebron treatment plant that is currently under construction with funding from the AFD and the World Bank.

[1] World Bank (2018). Toward Water Security for Palestinians: West Bank and Gaza Water Supply, Sanitation, and Hygiene Poverty Diagnostic. WASH Poverty Diagnostic. World Bank, Washington, DC.

[2] The Wastewater Management and Sustainability (WMS) Project (P172578) provides O&M financing to sustains the Northern Gaza wastewater treatment scheme for five years.

Policy and Institutional Structure

12. **To address these systemic challenges, the Palestinian Water Authority has approved policy instruments for a transformational and sustainable shift in the sector.** With support and endorsement from the donor community, the Palestinian Authority enacted the Water Law in 2014 and approved a Strategic Development Plan (SDP) 2022-2032, which focuses on improving water and wastewater services within a comprehensive framework for developing sector institutions for better governance. Climate change adaptation measures are at the core of the SDP. The World Bank has supported these reforms under different operations and analytical assessments.

13. **The guiding principles embedded in the 2014 Water Law are meant to adjust and reform the current setting of the sector.** The Law in its articles delineates the responsibilities of each institutional stakeholder, it establishes clear and enforceable accountabilities, and fosters financial independence and self-sufficiency of the service providers. The Water Law has defined two main levels of water sector management, as explained below.

a. The National level for policy and regulatory functions, and bulk water supply where: (i) **PWA** focuses on managing the water resources in integrated and sustainable manner, prepares general plans, sector policies and development strategies; (ii) **the Water Sector Regulatory Council (WSRC) -** established in August 2014 as an independent legal entity reporting to the Cabinet of Ministers- regulates and monitors all matters related to the operation of water service providers; and (iii) the N**ational Water Company (NWC)** (to be established), is expected to be responsible for bulk water supply.
b. At the local level, water supply and wastewater services are expected to be delivered by Regional Water Utilities (RWU); that are yet to be established). The Water Law supports the aggregation of the approximately 300 existing small service providers (water departments at the LGU level) into the regional utilities to enhance the sustainability of the service delivery level.

14. **The Cabinet[3] adopted the bylaw that regulates the establishment of RWUs, as a key step to operationalize the 2014 Water Law.** Given its importance in improving governance arrangements and creating efficiencies in the water sector, adoption of the bylaw was included in the DPG[4] as Prior action#4[5]. The RWUs[6] are a critical element of the reform process, as they will provide vital water and wastewater services at the local level. A gradual approach to reduce the number of service providers from almost 300 in 2018 to three RWUs in the West Bank and one in Gaza by 2032 by transferring service provision of water and wastewater from LGUs and Village Councils (VC) to RWUs to gain economies of scale. The bylaw identifies the tasks of the RWUs, their competencies, structure, financial management and other aspects of their performance. The bylaw also identifies procedures for licensing a RWU, the license fees and the service allowance. This will significantly improve governance in the sector as service provision will be the responsibility of a small number of utilities that operate on a commercial basis and that report to the PWA. As the RWUs become operational, the reform will reduce inefficiencies and result in economies of scale. In Gaza, the PWA's goal is to transform the Coastal Municipalities Water Utility (CMWU), established as a Joint Service Council (JSC) under the Local Authorities Law of 1997,

[3] Regulation No. 17 dated June 14, 2021, regulating the establishment and licensing of regional water utilities, and identifying their roles, competencies, and the management of their financial resources, as they take charge of service provision of water and wastewater from LGUs and VCs, enhancing economies of scale in the sector in both Gaza and the West Bank.

[4] The "Supporting Transparency, Inclusiveness and the Green Economy Development Policy Financing (P177848)" Project. Proposed for the WB Board discussion in June 2022.

[5] Prior action 4: indicators: two number of Regional Water Utilities that finalized their establishment procedures in the West Bank and Gaza

[6] The reorganization of the water service as part of the Water Sector Reform was addressed in the "Roadmap for creation of Regional Water Utilities in the Frame of the Water Sector Reform in Palestine" study prepared by FCG Sweden AB June 2018, proposing a roadmap for the creation of the RWUs

to become the Gaza RWU. Consolidation of all 25 municipal SPs in Gaza into the CMWU has already started and is moving forward, albeit at a slow pace. The risks and constraints to creating RWUs have been identified and will need to be addressed and monitored during the different stages of the regionalization process. As most service providers are LGUs, regionalization of WSS service provision means that the LGUs will be losing an important cash flow that allows them to finance non-charged services such as street cleaning and lighting, among others. It is expected that the proposed DPG will help mitigate these governance, political and financial risks, and that the operationalization of the reform process will be supported through the proposed Program.

15. **In November 2020, the Government issued decisions related to the acceleration of the establishment and registration of the National Water Company and formulation of its Board of Directors.** Much preparatory work is being carried out to implement this critical part of the reform program (through the reorganization and reform of the NWC and the establishment of a Gaza-based BWSU for bulk water management).

16. **Climate variability and climate change are likely to compound existing priority environmental challenges such as water scarcity, drought, desertification and food insecurity**. Palestinian territories will be deeply impacted by climate change; climate models for the Eastern Mediterranean show mean temperature increases between 3° to 5°C by 2050 and mean annual rainfall reductions in the range of 10-50%. Responding to the implications of climate change will be challenging; given the current institutional and political context of the West Bank and Gaza, resources for both mitigation and adaptation measures, through the. updated Nationally Determined Contributions (NDCs) presented to the United Nations Framework Convention on Climate Change (UNFCCC) in October 2021. In the water sector, ambitious targets have been set in reduction of non-revenue water, increase of rainwater harvesting, re-use of treated wastewater and rehabilitation of wells and springs[7]. The Environmental Quality Authority (EQA) has led climate change adaptation planning, supported, and endorsed by ministries of critical sectors, including energy, water, agriculture, transport, and planning. Moreover, there is consensus that sea levels of the Mediterranean Sea will rise. Some regional studies predict a sea-level rise of 30-100 cm for the Mediterranean by 2100 with severe implications for Gaza.

Relationship to CPF

17. **The proposed Water Security and Resilience Project (WSRP) contributes to the World Bank's twin objectives of eradicating extreme poverty and promoting shared prosperity while addressing climate change risks.** It aims to support long-term political objectives of the National Water and Wastewater Strategy and Policy for Palestine 2022-2032, and objectives included in the PWA's Water Sector Strategic Development Plan (SDP): (i) enhancing the integrated management and sustainable development of water sector resources; (ii) improving wastewater services and structure, including collection, treatment, and reuse; (iii) developing water sector institutions to reinforce good governance within an integrated legal and institutional framework; and (iv) improving the financial sustainability of service providers.

18. **The proposed WSRP is strongly aligned with the World Bank Group (WBG) FY22-25 Assistance Strategy (AS)[8] for the WB&G (discussed by the Board in April 2021).** The WSRP directly contributes to Focus Area 1 of the AS, namely "Strengthening Institutions for Economic and Social Prosperity" through the "Objective 1.2" of "Supporting Service Providers to become Financially Sustainable". It will continue supporting water sector institutions, encouraging a robust reform agenda and providing targeted technical support for improved management of O&M toward financial sustainability of the sector. Further support will be extended to the Palestinian Water Authority, to help establish the

[7] NDC Targets - Water treatment and conservation: 70% of the treated wastewater in large-scale wastewater treatment plants in the West Bank and Gaza is re-used by 2030; 7 MCM of rainwater in the West Bank is harvested by 2032 - Water networks infrastructure: non-revenue water is reduced by 15% by 2032; 5% of rainwater in priority urban areas is drained and collected by 2032 - Water sources infrastructure: 100% of identified wells and springs are rehabilitated by 2030

[8] Report No. 115201-GZ

National Water Company (including the Bulk Water Supply Unit in Gaza), to support establishing RWUs, and to support a strong regulator of the sector (the Water Sector Regulatory Council). The WSRP is also embedded in the Focus Area 2 of "Boosting Innovation and Diversification for a Well-Connected Palestinian Economy" through the "Objective 2.3" of "Improving Infrastructure through World Bank Investment that leverages Donor Resources and by attracting Private Investment." The WSRP will contribute to improved health outcomes of the population through provision of safe access to piped water through measures to address poor water quality in the country and to meet domestic demand for water that is expected to significantly increase in the medium term. It will support efforts aimed at ensuring the sustainability of bulk water supply and will consider future operations to scale up access of clean water throughout WB&G. The proposed Program will further support the enlarged 2019 MENA Regional Strategy to reinvigorate the social contract between citizens and the state through improved delivery of essential services.

19. **The proposed WSRP corresponds to the World Bank Group (WBG) Strategy for Fragility, Conflict and Violence (FCV) 2020-2025[9], whose objective is to support countries in addressing the drivers and impacts of FCV and strengthening their resilience.** The project supports two of the Strategy's four pillars: Pillar 2: Remaining Engaged during Conflicts and Crisis Situations by building and protecting essential institutions and services in areas with high prevalence of internally displaced people (IDP) and delivering critical services to IDP and recipient communities; and Pillar 4: Mitigating the spillovers of FCV by addressing key issues related to internal displacement.

20. **The WSRP is also aligned with the World Bank COVID-19 response and the Green, Resilient, Inclusive Development (GRID) recovery framework. The proposed project is aligned with Pillar 4 "Strengthening policies, institutions, and investment for rebuilding better" of the World Bank COVID-19 Crisis Approach Paper[10]: it will build resilience in the water supply and sanitation sector and strongly contribute to a green recovery, including through a focus on enhancing capacity of the WSS sector to prevent public health threats, including COVID-19.** The project also contributes to the Palestinian Authority's Nationally Determined Contributions to reduce greenhouse gas emissions under the United Nations Framework Convention on Climate Change by supporting electricity co-generation from wastewater biogas production. The project contributes to the government's climate adaptation targets by increasing resilience through avoiding aquifer pollution and reducing abstraction of water by reusing treated wastewater for agriculture.

C. Proposed Development Objective(s)

21. **The Project Development Objective (PDO**) is to improve reliability and quality of water supply services and to strengthen the financial and operational performance of sector institutions in the Palestinian territories for improved service delivery.

Key Results (From PCN)

22. **Key indicators to measure progress towards achievement of the PDO include:**

- Volume of bulk water availability
- Number of households benefitting from increased hours of water supply;
- Share of planned water samples compliant with the national standards (Percentage)
- Number of SPs under LGUs reduced through clustering in WB&G;
- Selected KPIs improved for the clustered SPs (to be defined based on the assessment of the SPs in the target zones).

[9] Report No. 146551

[10] World Bank (2020) *COVID-19 Crisis Response Approach Paper: Saving Lives, Scaling-up Impact and Getting Back on Track*. Unpublished paper. Washington, DC.

D. Concept Description

23. **The proposed WSRP is conceived as the first project in a series of projects (SoP) to implement ambitious water and sanitation infrastructure and reforms, building on the support to the sector** provided by the World Bank and other donors over the past decades. The project will support implementation of reforms aiming to set and improve enabling conditions for water utilities (PWA, water service providers, etc) in provision of affordable, reliable, inclusive and sustainable services. The project will focus on improving coverage and quality of water supply services in selected areas in the West Bank and on strengthening the performance of the PWA and selected water services providers.

24. **The Project will consist of four components**: Component 1 will finance Improvement in the water and wastewater infrastructure in selected locations based on the solution that are simple, robust and include climate resilience measures; Component 2 will further support Sector Reform through implementation of activities towards improved operational and financial performance of selected Service Providers; Component 3 is supporting Project Management and Monitoring; and Component 4 is a Contingent Emergency Response Component.

Component 1. Improvement of Water and Wastewater service management

25. This component will finance investments[11] in the water and wastewater facilities based on identified priorities. The aim of these investments is to provide safely managed water supply services to unserved population and ensure efficiency of the operation and maintenance of existing wastewater treatment plants. It will also finance new required infrastructure for bulk water supply and expansion of water distribution networks to remove critical bottlenecks and improve water allocation as follows:

- Increasing the groundwater supply through the drilling of wells in selected locations.
- Enhance the distribution network in Northern West Bank.
- Ensure sustainability of selected Bank-funded sanitation facilities.
- Feasibility studies and engineering design of subsequent infrastructure investments.

Component 2. Improve performance of Water Sector Service Providers

26. This component will finance goods, works and services to enhance water institutions and the SPs' operational and financial efficiency, and their responsiveness to emergencies. It will also provide necessary technical assistance and capacity building activities to address sector challenges and sector reform and will support improved social accountability of service providers. This component will build on the technical assistance provided under the ongoing projects supported by the World Bank, AFD and other donors. and will include the following four subcomponents:

Subcomponent 2.1: Strategic planning and sector reform: this subcomponent will include interventions that aim to accelerate the implementation of sector reform related to the clustering of service providers under the LGUs and establishment of RWUs. This subcomponent will also include interventions to enhance the PWA's capacity to develope and implement water sector policies, strategies, and sector development plans.

a. **Subcomponent 2.2:** Improve Financial and Operational Performance of the Service Providers: this sub-component will provide necessary technical assistance and building capacity of service providers to (a) support clustering of the SPs under the LGUs, (b) improve their operational and managerial performance enhancing efficiency in service delivery and reducing the NRW.

b. **Subcomponent 2.3:** Improve Social Accountability of Service Providers: The project will support a technical assistance for the design and implementation of a Public Awareness Campaign (PAC) program for improved service

[11] Subject to availability of funds the project might finance other infrastructure to be confirmed during project preparation.

delivery to end-users and responsiveness of SPs to client demand based on reliable information systems and real-time communication with the beneficiaries.

Component 3. Project Management and Monitoring

27. This component will support the Project Coordination Team (PCT) and Project Implementation Unit (PIU) that will coordinate, implement, monitor and report on the project implementation progress. To facilitate project implementation and mitigate institutional capacity risks, the Project will support the hiring of experts on a competitive basis.

Component 4: Contingent Emergency Response Component

28. This component will improve the PA's ability to respond effectively in the event of an emergency in line with World Bank procedures on disaster prevention and preparedness.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

29. The environmental risk is rated as substantial. Project Component 1 is associated with considerable risks and impacts associated with the construction of the water systems (excavation, laying of pipes, deposit of excess materials, disinfecting, backfilling, and reinstatement of roads), booster pumping stations (construction of building, electromechanical works), groundwater wells construction (borehole excavation, deposit of excess materials, well casing, grouting, testing, cleaning, and disinfecting by hazardous materials such as Hydrochloric acids and liquid chlorine, pump and electromechanical installations and control systems), and operation of wastewater treatment plants (sludge handling and disposal, operating the electromechanical equipment, handling and exposure to chemicals). These activities are associated with potential OHS risks and other environmental risks, including noise, dust, waste, and hazardous waste generation. Water supply infrastructure in the served villages would increase the per capita water use. This will result in an increase in the quantity of wastewater produced. Some existing roads may experience some damage due to increased traffic and the movement of heavy trucks. The water quantities produced from the new wells might be above the aquifers' safe yield. Delays in implementation could pose contextual risks to the operation, particularly in Gaza due to the constraints on the entry of materials and equipment for the maintenance of NGEST wastewater facilities. The capacity of PWA to manage the environmental and social risks and impacts is satisfactory in terms of human and technical resources.

30. At concept stage the social risk at concept stage is assessed as "substantial". The main social risks include the following: i) land acquisition and restrictions to land use: while the project will not involve large scale private land acquisition or physical resettlement, there may be potential risks associated with some small-scale land taking for the drilling of four groundwater wells and, if required, expansion of ROW for construction of water supply systems under Component 1. There is also a potential risk of temporary restriction to land use and consequent negative impacts during construction on farmers in agricultural areas and small enterprises (e.g. shops, kiosks) in residential areas. ii) risks related to labor use and OHS: no large-scale labor influx or construction of large labor camps is required under the project. The project includes a range of construction activities (small to medium (e.g. excavation, backfilling, laying of pipelines etc.) and large scale (e.g. construction of reservoir and water pumping stations)) that will be spread across locations in the West Bank and it is planned that local labor will be employed for and meet construction needs. At concept stage it is anticipated

that labor management risks may include OHS, working terms and conditions, minimum age, and gender-based violence/ sexual exploitation and abuse/sexual exploitation (GBV/SEA/SH) risks, and perhaps some low level of labor influx that will need to be mitigated. iii) community health and safety: the project also entails community health and safety risks, particularly associated with COVID-19 and other communicable diseases and road safety (further discussion under ESS4). iv) social exclusion: additional risks include potential exclusion from or inequitable provision of project benefits (e.g. improved services, enhanced social accountability measures) and/or lack of meaningful engagement during preparation and implementation (including operation of developed infrastructure such as waste water treatment plants) with women and marginalized groups (e.g. persons with disabilities, women headed households, youth, the poor, communities in Access Restricted Areas (ARAs) and rural and/or relatively remote locations, communities more vulnerable to impacts of climate change etc.). v) social resistance: there are also risks of social resistance to measures for better tariff collection and reduction of Non-Revenue Water (NRW), and a continuing lack of or poor water conservation practices among communities. vi) Contextual risks: finally, the project also entails some contextual risks as some of the proposed infrastructure (e.g. groundwater wells) will be in Area C in the West Bank which is a complex context to work in due to security related and political challenges.

31. Social and environmental risks and impacts will be assessed, and requisite mitigation measures (commensurate to the severity of risk) will be included in the E&S instruments including the Environmental and Social Management Framework (ESMF), site-specific Environmental and Social Impact Assessments/Environmental and Social Management Plans (ESIAs/ESMPs), Stakeholder Engagement Plan (SEP), Labor Management Procedures (LMP), Resettlement Framework (RF)/Resettlement Plans (RPs), and Community Health and Safety Management Plan (CHSMP). The ESMF/ESMPs/ESIAs will also include an assessment of potential GBV/SEA/SH risks, and preventive measures, proportionate to the level of risks, will be developed and implemented. The ESMF, SEP, RF, LMP and CHSP will be prepared, consulted on, reviewed and cleared by the Bank and disclosed publicly (in-country and on the Bank system) by project appraisal. For interventions whose location and technical design is available by appraisal, site specific instruments (ESMPs and/or RPs) will be prepared, consulted on, reviewed and cleared by the Bank and disclosed (in-country and on the Bank system) by appraisal. An Environmental and Social Commitment Plan (ESCP) will be prepared, reviewed and cleared by the Bank and disclosed by project appraisal. The ESCP will include E&S commitments for the project including (but not limited to) monitoring, reporting, implementation of the project ESMF, ESMPs, RF, RPs, LMP, CHSMP, and SEP, and preparation of site-specific plans (ESMPs and RPs) for interventions whose location and design is available during implementation.

32. Finally, grievance mechanisms (GMs) will be available for project beneficiaries and workers in accordance with ESS10 and ESS2 respectively. Details of the GMs will be included in the SEP and LMP. Robust and contextually appropriate citizen and stakeholder engagement systems and a communication strategy that also focus on women and vulnerable groups will need to be developed and implemented as part of the project design to address risks and impacts of social resistance to tariff collection and poor water conservation strategies among communities.

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Approved By

Country Director:	Kanthan Shankar	16-Jun-2022