



The World Bank

Additional Financing for the Third Municipal Development Project (P168544) for Emergency Labor-intensive Municipal Services

Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 28-Nov-2018 | Report No: PIDISDSA25588



BASIC INFORMATION

A. Basic Project Data

Country West Bank and Gaza	Project ID P168544	Project Name Additional Financing for Emergency Labor- intensive Gaza Municipal Services	Parent Project ID (if any) P159258
Parent Project Name GZ-Third Municipal Development Project	Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date 17-Oct-2018	Estimated Board Date 05-Feb-2019
Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice	Financing Instrument Investment Project Financing	Borrower(s) Palestine Liberation Organization (For The Benefit of the Palestinian Authority)	Implementing Agency Municipal Development Lending Fund (MDLF)

Proposed Development Objective(s) Parent

The project development objective (PDO) is to enhance the institutional capacity of municipalities in the West Bank and Gaza for more accountable and sustainable service delivery.

Components

Municipal Performance and Service Delivery
Capacity Development
Municipal Partnership Projects
Project Implementation Support and Management Cost
Emergency Labor-intensive Gaza Municipal Services

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	10.00
Total Financing	10.00
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS



Non-World Bank Group Financing

Trust Funds	10.00
Special Financing	10.00

Environmental Assessment Category

B-Partial Assessment

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. ***The West Bank and Gaza (the Palestinian territories) have faced long lasting political instability and periodic episodes of violence over the last two decades, exacerbating macroeconomic volatility.*** The Palestinian territories are a small open economy with lower-middle income status with a population of 4.8 million in 2016. The Palestinian territories have experienced political instability (both regional and domestic) and a series of violent conflicts over the years. After the 2007-08 conflict, the territories were under control of two different political parties: Fatah held control of the West Bank while de facto authority in Gaza was taken by Hamas. Following the internal divisions, and arrests of Members of Parliament (MPs) by Israel, regular legislative process is suspended as neither side can establish a necessary quorum. Instead, the Cabinet conducts necessary consultations and readings of proposed acts and the President signs them into law. Gaza's represents 1/3 of total Gross Domestic Product (GDP), and its borders are subject to highly restrictive controls by Israel and Egypt.

2. ***The economic conditions in the Palestinian territories have significantly weakened in 2018 due to a sharp decline in activity in Gaza.*** According to preliminary data by the Palestinian Central Bureau of Statistics (PCBS), real GDP growth contracted by 1.3 percent in the second quarter of 2018 —first negative rate of growth since the first quarter of 2015. For the first half of 2018, the economy grew just by 0.3 percent compared to the same period in the previous year. The economy has been hamstrung for more than two decades by restrictions on movement, access and trade that have kept investment levels extremely low and resulted in deindustrialization. Substantial transfers, mostly in the form of aid from the international community, have helped mitigate the impact of the restrictions by fueling consumption driven growth. Nevertheless, transfers have been on a declining trend and have witnessed a very large drop in 2017-18, particularly in Gaza, resulting in a lower growth trajectory for the overall economy and revealing the fragility of the aid-driven growth model.



Sectoral and Institutional Context

3. ***Gaza's economy has seen a severe squeeze on movement of goods, people, and income support, pushing it towards a possible collapse.*** Gaza's economy has been under a blockade since 2007 and has been kept afloat by large transfers including donor aid and spending through the budget of the Palestinian Authority (PA), both of which amounted to 70-80 percent of Gaza's GDP. However, these two sources have significantly declined recently, negatively impacting growth. In fact, in 2017, the Gaza economy did not witness any real growth due to severe cuts in aid for reconstruction and transfers from the PA's budget in addition to its continued economic isolation. The situation has become more difficult in 2018 as transfers from the PA have continued to drop, further worsening the liquidity squeeze and placing severe pressure on the depleting buffers of the economy. As a result, Gaza's economy shrank by 6.1 percent in the first half of 2018 compared to the same period in 2017. The decline was seen in most economic sectors but mainly in construction and public administration and defense, both of which were Gaza's main drivers of growth in recent years. Even though more recent growth data is not available yet, anecdotal evidence strongly suggests that the ongoing liquidity squeeze in Gaza has further worsened and that the economic decline has also led to a rapid decline in humanitarian conditions. Unless the liquidity crisis is addressed through pumping additional liquidity into the economy and raising transfers to their pre-2017 level, the Gaza economy may be heading towards a possible collapse in the medium term.

4. ***The economy in Gaza has continued to deteriorate resulting in rising and severe unemployment and worsening poverty.*** Around 53.7% of the labor force in Gaza were unemployed by the second quarter of 2018. Unemployment amongst Gaza's youth exceeds 70% while it is even higher for females, reaching 78%. It is currently among the highest in the world according to the World Bank's World Development Indicators. The poverty rate in Gaza has increased dramatically from 39% in 2011 to 53% in 2018.

5. ***Without a peace process breakthrough, economic conditions are expected to worsen, and jobs created will not be sufficient to reduce unemployment and improve living standards.*** Under a baseline scenario that assumes a continuation of the Israeli restrictive regime and the persistence of the internal divide between the West Bank and Gaza, private sector activity is not expected to pick up and real GDP growth of the Palestinian economy is projected to drop to 1.7 percent in 2018 (-5 percent in Gaza and 3.8 in the West Bank) and to hover around 1.9 percent in the medium term. This growth level implies a decline in real per capita income and an increase in unemployment. Notably, downside risks to this projection in Gaza are considerable. If transfers through the PA's budget continue to decline, the United Nations Refugee and Works Agency's (UNRWA) funding gap is not offset, and funds to continue the reconstruction efforts do not materialize, the current liquidity squeeze is expected to significantly worsen, which will have a severe impact on economic activity, service provision and social conditions in the Strip. This may, in turn, result in more violence and clashes. Consequently, the Gaza economy is expected to slip into deep recession, significantly raising the potential for unrest.

6. ***Municipal services are deteriorating further.*** The persistent economic contraction in Gaza, and reduced fiscal transfers and aid are severely compromising the ability of the municipalities to continue rendering services at the local level. Further deterioration of the already limited local services provision will expose the Gaza population to increased health and sanitation risks (due to mounting and decomposing solid waste in the very densely populated urban areas), safety risks (from unlit and damaged streets), and degradation of the environment. The Gaza municipalities therefore urgently need financial assistance and sustained donor support to maintain critical local services.

Rationale for the Additional Financing



7. ***The World Bank response to the dire situation in Gaza includes sustained engagement with the Gaza municipalities through the Municipal Development Project (MDP).*** The Bank provided Additional Financing (AF) to the Second Municipal Development Project (MDP-2), closed in February 2018, to address critical emergency needs faced by Gaza municipalities following the July-August 2014 conflict. The project implemented 332 rehabilitation subprojects that helped restore local services (roads, wastewater and solid waste management) in the Gaza Strip. Under the on-going Third Municipal Development Project (MDP-3), Gaza municipalities will continue to receive support for priority municipal subprojects. For municipalities in West Bank and Gaza, the MDP is a reliable source of investment funding and a dependable and fast channel to provide demand-based support through a transparent allocation mechanism. However, the funds available under the current project (MDP-3) would not allow the Gaza municipalities to maintain adequate level of local services considering their overall fiscal situation and in the absence of additional external resource mobilization.

8. ***The Borrower has requested the Bank to augment MDP-3 financing to expand coverage of support to Gaza municipalities and scale up local service provision in the Gaza Strip.*** The reduced transfers to Gaza is deeply impacting on the deteriorating municipal service provision as municipalities are unable to pay salaries of staff. Maintaining a decent level of municipal infrastructure is key to expanding economic activity and improving productivity – fundamental requirements for job creation. Additionally, creating employment to mitigate the livelihood impacts of the liquidity squeeze in Gaza will help avoid escalation of instability in the strip. The proposed AF in the amount of US\$10 million has been requested by the PA contribute to the efforts of the municipalities to maintain adequate level of municipal services and implement urgent infrastructure projects. By selecting municipal activities that are labor-intensive, the AF will at the same time help create temporary jobs from the rich human resource base in Gaza. It is estimated that the activities that the AF will support will generate about 5,000 jobs (or 2,500 jobs per year). This can be a significant contribution to the job creation efforts considering the number of jobs (27,000 annually) to absorb the new labor force entrants.

C. Proposed Development Objective(s)

Original PDO

The project development objective (PDO) is to enhance the institutional capacity of municipalities in the West Bank and Gaza for more accountable and sustainable service delivery.

Current PDO

The original PDO is retained. No changes are being introduced.

Key Results

The proposed AF will enable the 25 municipalities in Gaza to expand coverage of support and scale up local service provision in light of the reduced transfers to Gaza that deeply impact on the deteriorating municipal service provision. Achievement of outcomes will be evaluated in terms of:

1. Number of subprojects completed by Gaza municipalities under the AF.
2. Number of temporary jobs created by the AF in Gaza.
3. Number of municipalities successfully implementing an Operation and Maintenance (O&M) activity.



D. Project Description

9. The original project has four (4) components: (a) Component 1 “Municipal Performance and Service Delivery” allocates performance-based grants for capital investments and operating expenditures through a transfer formula based on population, need and municipal performance; (b) Component 2 “Capacity Development of Municipalities and Palestinian Institutions” supports municipalities to graduate to a higher performance category and supports building the capacity of national level institutions namely, the Municipal Development and Lending Fund (MDLF) and the Ministry of Local Government (MOLG); (c) Component 3 “Municipal Partnership Projects” provides technical assistance to municipalities to engage more effectively with the private sector and develop joint and innovative investments for municipal service delivery and local economic development; and (d) Component 4 “Project Implementation Support and Management Costs” provides monitoring and evaluation, outreach and communication, mobilization of local technical consultants for the engineering supervision of Component 1, and MDLF management cost.

10. The proposed AF will support activities that would scale up the MDP-3 support to 25 Gaza municipalities through labor-intensive O&M and municipal infrastructure development activities. The proposed AF will create a new component (Component 5 “Emergency Labor-intensive Gaza Municipal Services”). It will finance the costs associated with the scaling-up of MDP-3 support to Gaza municipalities to enable them to expand local services provision through labor-intensive O&M and municipal infrastructure development activities. The scale-up would thus finance:

- (a) **O&M activities** to restore or maintain critical municipal services given severe funding constraints facing Gaza municipalities (60% of AF, net of administrative costs). From consultations with all 25 Gaza municipalities and the MDLF, the O&M activities to be supported can include costs of labor, equipment and supplies for roads repairs and maintenance (filling of potholes, crack repair and sealing, etc.), periodic cleanup of drainage system, O&M of slaughterhouses, solid waste collection and sorting, fumigation, clean up and security of coastline and beaches.
- (b) **Investment grants** for Gaza municipal investments that employ labor-intensive methods in subproject implementation (40% of AF, net of administrative costs). The type of subprojects to be financed will be defined in the Project Operations Manual (POM) that will be revised to reflect these additional project activities. Municipal subprojects identified so far include roads, wastewater and solid waste management, parks and open space development, public markets, tax mapping, archiving of municipal records, solar energy, inventory of municipal assets, landscaping of road medians, etc.

11. Component 5 will apply simplified procurement procedures and the option of retroactive financing per OP/BP 10.00 paragraph 12.

12. All 25 Gaza municipalities will receive a simple per capita allocation to support O&M activities as well as investment grants for priority subprojects coming out of their Strategic Development Investment Plans (SDIPs).

13. For O&M, municipalities will screen and select the beneficiaries from verifiable list of unemployed persons in the Gaza Strip. For subprojects, the beneficiaries of jobs created will be selected by the contractor. As the Executing Agency of MDP-3, MDLF will supervise the screening and selection of beneficiaries of the O&M activities. The bid documents for works contracts will include provisions for



beneficiary selection. Criteria for beneficiary selection will be presented in detail in the POM and apply the following general principles: (a) joblessness (e.g., unemployed for a certain duration); (b) equity (e.g., applicant is not a beneficiary of existing programs, only one from one family); and (c) vulnerability (e.g., youth, women, disabled, etc.). The list of candidates will be validated against relevant government databases including the Ministry of Labor's database.

14. The selection of final beneficiaries of the temporary jobs generated by the operation will be carried out in a transparent and equitable manner. Job opportunities will be advertised and public notifications for job openings by the project will specify eligibility criteria, including extent of joblessness (e.g., unemployed for a certain duration) and vulnerability (e.g., youth, women, disabled, etc.). As employment by the project is envisioned to be on rotation basis (e.g., 3 months per contract, to realize as many eligible beneficiaries as possible), preference will be extended to applicants who are (a) in the government's list of unemployed labor, (b) on the waiting list in the UNRWA job creation program; and (c) not in other job creation (cash-for-work) and cash transfer programs. Payment to beneficiaries for project work rendered will be made through the banking system. The POM will be revised to specify process and eligibility criteria for job beneficiary selection, as well as the verification, contracting and payment procedures. The revised POM will be subject to review by the Bank.

15. Each municipality shall prepare an O&M Plan that will be submitted to MDLF for review and approval. From the approved O&M Plan, the municipality identifies packages for O&M implementation (that also defines required labor inputs). The municipality then advertises for job openings (specifying criteria for applicant selection). From the applications received, the municipality selects applicants, giving preference to those (a) who are on the Ministry of Labor's list of unemployed persons in Gaza and on the waiting list of the UNRWA job creation program; and (b) who are currently not benefiting from existing job creation and cash transfer programs. The municipality will send the list of selected applicants to MDLF (to confirm that agreed procedures are followed), and then contract the services (on a 3-month rotation). For work rendered, the municipality will send payment authorization to MDLF that will pay the worker directly through the banking system.

16. The municipalities will identify proposals from their SDIP and propose urgent investment proposals. Subprojects to be funded will be selected from a pipeline developed by the municipalities in consultation with their constituents. The selection criteria will be established by the MDLF and specified in the revised MDP-3 POM and will highlight the labor intensity of works proposed in the subprojects. Based on the criteria, MDLF will appraise subproject proposals and approved subprojects will receive funding from Component 5. The municipalities will procure the subprojects competitively and contractors will select the workers based on skills required by the subprojects. MDLF will pay the contractors directly based on authorization from the municipalities.

E. Implementation

Institutional and Implementation Arrangements

17. No changes would be made to the implementation arrangements. The MDLF, the Executing Agency of the MDP-3, will continue to be responsible for project implementation including safeguards, fiduciary, Monitoring and Evaluation (M&E). The current safeguards instruments in place for the parent operation are sufficient and in full compliance with the Bank's OP/BPs. All potential impacts will be addressed through the existing safeguards instruments.



18. The activities to be supported by the AF are expected to be completed in 24 months. The 25 Gaza municipalities are currently preparing their respective O&M plans that will be the basis of selecting O&M activities that will be supported by the AF. They will also begin the process of identifying and prioritizing subproject proposals for review by MDLF for funding support under the two (2) windows of the investment grants. Implementation of approved O&M and investment subprojects should be completed by December 31, 2020, the penultimate year of MDP-3 implementation.

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

19. The original project covers 144 municipalities in West Bank and Gaza. The proposed AF will cover only the 25 municipalities in Gaza.

G. Environmental and Social Safeguards Specialists on the Team

Helen Z. Shahriari, Social Specialist

Zeyad Abu-Hassanein, Environmental Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	OP 4.01 remains triggered. The project will require an environmental assessment for activities that involve infrastructure construction. The development and rehabilitation of municipal infrastructure includes roads, rehabilitation of water wells, water networks, and wastewater and sanitation facilities, parks, and others. Negative environmental impacts, associated with municipal subprojects and O&M activities, are expected to be minor during the construction phase. Therefore, the project is classified as category "B". Subprojects and O&M activities are not known a priori. An ESMF was prepared for the original project and will continue to be used under the AF. The ESMF contains provisions for screening of subprojects and acceptance/rejection criteria. Larger scale subprojects, which would require a full-fledged EIA (category A) will be excluded. The size of funds available to municipalities under the AF has limited the scope of the subprojects.



Performance Standards for Private Sector Activities OP/BP 4.03	No	None of subprojects will be implemented by the private sector.
Natural Habitats OP/BP 4.04	No	All sub-projects to be financed by the AF will be implemented within the urban boundaries of municipalities and no natural habitats are expected to be impacted negatively.
Forests OP/BP 4.36	No	All sub-projects to be financed by the AF will be implemented within the urban boundaries of municipalities and no forests are expected to be impacted negatively.
Pest Management OP 4.09	Yes	A few participating municipalities, particularly in Gaza have subprojects, which may require purchasing of some chemicals for pest control, primarily mosquitoes. A Pest Management Plan based on lessons learned under MDP 1 and 2 has been updated for this project to ensure compliance with OP 4.09 policy. The Pest Management Plan provides guidance on which chemicals can be financed for pest management as well as proper storage and handling during project implementation
Physical Cultural Resources OP/BP 4.11	No	The project, and its subprojects, will contain a “chance find clause” in the bid documents, as is described in the ESMF. Any subproject activity, which a priori involves cultural heritage sites will be excluded.
Indigenous Peoples OP/BP 4.10	No	There are no indigenous peoples in the project areas.
Involuntary Resettlement OP/BP 4.12	Yes	OP 4.12 is triggered since there is a possibility that under components 1 and 3 some larger joint projects will require land. The original project has prepared and disclosed Land Acquisition and Livelihood Policy Framework (LALPF) in the country and the World Bank website. The LALPF for the original project will be applied to this AF. This LALPF includes the principles for land acquisition or any land take that can result from the project. In the majority of cases, subprojects will be built within the planned areas in which case only public land will be affected. However, in cases where subprojects will require private land or will



impact livelihood site, specific Resettlement Action Plans (RAPs) will be prepared in accordance with the disclosed LALPF, consulted and disclosed before the commencement of any civil works. In the case of land donation, the processes will be defined clearly in the LALPF, including: (a) well-defined and transparent criteria and clear documentation of transactions; (d) strong and readily accessible grievance redress mechanism; and (e) provisions for more meaningful community participation. In the case of willing –seller willing – buyer or voluntary provision of land, MDLF and Municipalities will document for power of choice.

Safety of Dams OP/BP 4.37	No	This project does not include any dam or structures related to dams.
Projects on International Waterways OP/BP 7.50	No	There is no infrastructure which will affect international waterways.
Projects in Disputed Areas OP/BP 7.60	No	No subprojects will be implemented in disputed areas.

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

144 municipalities in West Bank and Gaza. For the Additional Financing, project location will be the 25 Gaza municipalities.

G. Environmental and Social Safeguards Specialists on the Team

Helen Z. Shahriari, Social Specialist
Zeyad Abu-Hassanein, Environmental Specialist



SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	
Performance Standards for Private Sector Activities OP/BP 4.03	No	
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	Yes	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	Yes	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The proposed AF will trigger the same safeguards policies as the original project. It will not invoke any additional safeguards policies. The AF will continue to use the safeguards and instruments that have been originally prepared and disclosed.

The proposed AF will continue to be category 'B' project. The activities under the AF are similar to the original project. These activities mainly cover small investment grants for rehabilitation of infrastructure and O&M expenses. The environmental and social impacts are expected to be positive after implementation due to the improvement of municipal services. Minor temporary negative impacts e.g. dust, noise, interruption of services, and disposal of wastes are expected to be temporary and localized and will primarily occur during the construction phases. Temporary negative impacts will be mitigated using procedures described in the ESMF of the parent project.

The project has an established set of subproject screening criteria and acceptance/rejection criteria (e.g., a negative list). These are detailed in the ESMF as well as in the POM. MDLF will continue to be responsible for ensuring that the approved subprojects comply with the screening criteria. For category "B" subprojects, individual Environmental Management Plans (EMPs) will be produced to manage and mitigate adverse impacts. The MDLF will monitor compliance on EMP provisions of participating municipalities during implementation.



OP 4.12 is triggered since there is a possibility that under component 1 and 3 some of the subprojects would require land. A Land Acquisition and Livelihood Policy Framework (LALPF) was prepared for the original project and disclosed. The type of subprojects to be supported under the AF will be of the same nature as the those currently financed or pipelined under MDP-3. The RPF for the original project therefore applies to this AF.

Moreover, a Land Acquisition and Livelihood Policy Framework (LALPF) was prepared and will be disclosed in the country and in the Infoshop. The LALPF is prepared to set up the criteria to be followed in case any subproject would need land or would have an impact on livelihoods. The LALPF will guide the preparation of subprojects-specific RAPs when needed. RAPs would be prepared, consulted, and disclosed before the beginning of any civil works. Since detailed subprojects funded under each municipality are not identified by appraisal stage, individual RAPs could not be prepared. It is relevant to highlight that the subprojects will be primarily built in public land. At the time of the last supervision mission (2-9 May, 2018), MDLF informed the Bank team that none of the subproject proposals approved required land or had impact on livelihoods, thus not requiring RAP or ARAP preparation.

MDLF has adequate capacity of managing social safeguards risks. Under the previous MDPs, Gaza municipalities have also gained experience on social risk management. The 15 larger municipalities in Gaza have One-Stop Shops that also serve as grievance redress mechanism (GRM). The remaining 10 Gaza municipalities will establish theirs during MDP-3 implementation. Due to high unemployment rate among the youth, it is suggested that youth in Gaza (both male and female), the AF will give special attention to this sector in the identification of beneficiaries of the labor-intensive O&M and investment grants for subprojects. The MDLF and the 25 Gaza municipalities have likewise demonstrated adequate capacity of managing environmental risks, screening sub-projects, and implementing the EMPs successfully.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: There are no potential indirect or long-term impacts due to anticipated future activities in the project area. Most of the activities are small and limited in scope. They mainly consist of rehabilitation, with minor new construction.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts. Subprojects are defined within the framework of a larger municipality-level master planning process to ensure that interventions are designed appropriately and the cumulative impact of interventions is adequately assessed.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described. MDLF is the executing agency of the original project and will continue to be such for the AF. The MDLF has adequate capacity to implement safeguards instruments and ensure compliance with WB safeguards policies. It has a full-time environmental safeguards specialist and a social safeguards specialist. The specialists have been trained by the World Bank under MDP-2. They have gained relevant knowledge and operational experience being involved in the implementation of MDP-2 and other WB-supported projects. Moreover, in order to ensure a smooth implementation of MDP-3, several Local Technical Consultants (LTC) have been hired and trained by the MDLF on environmental and social safeguards.

Municipalities have also gained knowledge and experience in implementing environmental and social safeguards. However, considering the high number of municipalities involved, capacity is uneven and needs to be continuously built throughout the implementation of MDP-3. Weaker capacity municipalities showed lack of adequate capabilities during EMP preparation, MDP-3 took the corrective measure of reintroducing sectoral EMPs as guides. Moreover,



environmental penalties showed a positive impact when applied on the ground and MDP-3 amended penalty covenants in order to simplify the process. These lessons learned are reflected in the ESMF, and will be reported in both the POM and the Local Technical Consultant Terms of Reference.

Specifically, the MDP-3 ESMF includes a detailed assessment of the regulatory and institutional framework and capacity of MDLF, the environmental assessment of potential impacts and mitigation measures, an environmental management plan, as well as a monitoring plan with clear indicators and mechanisms for implementation and reporting. It also describes the training and capacity building required for effective environmental safeguards management at the municipal level. As Bank Policy OP 4.09 was triggered, the ESMF also includes a Pest Management Plan (PMP) and specific guidelines as mitigation measures for safe handling of the pests and management for insects and rodent control. These guidelines had been authorized by the Palestinian Ministry of Health. Furthermore, as foreseen within the ESMF, project-specific environmental assessments and environmental management plans will continue to be prepared during project implementation by client municipalities. During ESMF preparation, the MDLF team consulted with other Development Partners supporting the MDP, and agreement was reached to apply the World Bank safeguards policies to the project as a whole.

MDLF institutional capacity for safeguards management, including compliance monitoring and reporting, continues to be high as was the case in MDPI and MDPII. There was some delay in reporting on the screening of subprojects in the first project cycle of MDPIII and safeguards compliance in the last ISR was rated as MS. As highlighted above, MDLF safeguards team responsibilities during MDP-3 implementation will continue to include building municipal capacity for sub-project screening and construction-phase site monitoring. In addition to this, a further aspect to pay attention to is the GRM. During the last supervision mission (2-9 May, 2018), the AM noted the need to strengthen the understanding and engagement on transparency among municipalities and civil society stakeholders, advancing on the capacity building for grievance redress. Measures taken include an ongoing assessment of the GRM system of the municipalities and local councils. This assessment will lead to the development of a detailed action plan to enhance transparency and GRM.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

During project identification and preparation, consultations were conducted with beneficiary municipalities in West Bank and Gaza. MDLF documented in the ESMF the consultation process and the municipalities, local communities and NGOs that participated in the consultations. Consultations with beneficiary communities are conducted on a rolling basis as part of the continuing MDLF project cycle.

B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

Environmental Assessment/Audit/Management Plan/Other		
Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors

"In country" Disclosure



Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank

Date of submission for disclosure

"In country" Disclosure

Pest Management Plan

Was the document disclosed prior to appraisal?

Date of receipt by the Bank

Date of submission for disclosure

Yes

"In country" Disclosure

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)



CONTACT POINT

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APPROVAL

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