

**INTEGRATED SAFEGUARDS DATA SHEET
ADDITIONAL FINANCING**

Report No.: ISDSA14198

Date ISDS Prepared/Updated: 26-Nov-2015

Date ISDS Approved/Disclosed: 23-Dec-2015

I. BASIC INFORMATION

1. Basic Project Data

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| Country: | West Bank and Gaza | Project ID: | P155268 |
| | | Parent Project ID: | P127163 |
| Project Name: | GZ-Second Municipal Development Project AF (P155268) | | |
| Parent Project Name: | GZ-Second Municipal Development Project (P127163) | | |
| Task Team Leader(s): | Christianna Johnnides Brotsis | | |
| Estimated Appraisal Date: | 26-Oct-2015 | Estimated Board Date: | 08-Mar-2016 |
| Managing Unit: | GSU11 | Lending Instrument: | Investment Project Financing |
| Sector(s): | Sub-national government administration (26%), Other Renewable Energy (5%), Transmission and Distribution of Electricity (23%), Urban Transport (23%), General water, sanitation and flood protection sector (23%) | | |
| Theme(s): | e-Government (8%), Gender (5%), Urban services and housing for the poor (76%), Municipal governance and institution building (5%), C limate change (6%) | | |
| Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)? | | | No |
| Financing (In USD Million) | | | |
| Total Project Cost: | 6.90 | Total Bank Financing: | 0.00 |
| Financing Gap: | 0.00 | | |
| Financing Source | | | Amount |
| Borrower | | | 0.00 |
| Partnership for Water and Urban Development in the West Bank | | | 6.90 |
| Total | | | 6.90 |
| Environmental Category: | B - Partial Assessment | | |

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| Is this a Repeater project? | Yes |
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2. Project Development Objective(s)

A. Original Project Development Objectives – Parent

The objective of the Project is to improve the Recipient’s municipal management practices for better municipal transparency and services delivery.

B. Proposed Project Development Objectives – Additional Financing (AF)

3. Project Description

Remark on the PDO: The PDO was revised during the first Additional Financing, approved in October 2014 to the following “to improve the Recipient’s municipal management practices for better municipal transparency and service delivery, and to restore priority municipal services following the conflict in Gaza”.

Introduction

This Project Paper seeks the approval of the Executive Directors to provide an additional grant in an amount of US\$6.9 million to West Bank and Gaza, P127163, [loan/credit number].

The Municipal Development Project 2 (MDP2) was designed in two cycles, each with a duration of 18 months. The financing was anticipated in the beginning of the project and fully accounted for within the Project Development Objective (PDO) and indicators at that time. The proposed additional loan would help close the financing gap of the second cycle of the project under Component 1, Municipal Grants for Capital Investments. It was anticipated that there would be a financing gap due to an increase in the population and number of municipalities (7% population growth over the last two years) and the increased incentives based on performance. However donor budget cycles were such that the funds were not available at project approval. In addition, the conflict in Gaza during the summer of 2014 further increased the need for funding for infrastructure. The request for additional financing will help close the financing gap for cycle 2 which funds infrastructure sub-projects that the municipalities rely upon as part of their capital investments. The project is expected to be completed by February 28, 2018 the current closing date established at the approval of the first additional financing. While there will not be any changes in the institutional arrangements, the financing plan will be revised to reflect the additional funding from the PID Multi-Donor Trust Fund (MDTF).

Partnership arrangements. The Project is co-financed by Denmark and Sweden through the World Bank administered PID MDTF for US\$25.8 million equivalent. Other Funding Partners are providing funding in parallel in the total amount of US\$32.5million.

The project will continue to be implemented in 5 components. These include (i) Component 1: Municipal Grants for Capital Investments allocates performance-based grants to municipalities for capital investments or operating expenditures through a transfer formula; (ii) Component 2: Support to Municipal Innovations and Efficiency facilitates learning and innovation to promote municipal

development; (iii) Component 3: Technical Assistance for Municipalities and the Municipal Development and Lending Fund (MDLF) supports municipalities to graduate to a higher performance category, and supports the implementing entity to build its capacity; (iv) Component 4: Project Implementation Support and Management Costs finances project management. Component 5: Gaza Municipal Emergency Grants. Social Accountability and gender inclusion will be mainstreamed across all Components.

4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

138 municipalities in the West bank and Gaza.

5. Environmental and Social Safeguards Specialists

Hana Salah (GSU05)

Mariana T. Felicio (GSURR)

| 6. Safeguard Policies | Triggered? | Explanation (Optional) |
|-------------------------------------|------------|--|
| Environmental Assessment OP/BP 4.01 | Yes | OP 4.01 is triggered and requires 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, are expected to be minor during the construction phase. These impacts will be mitigated by the MDLF through EMP implementation and the project is classified as category "B". Furthermore, the size of funds available to municipalities under this program limit the scope of the subprojects, and hence larger scale subprojects which require a full-fledged EIA (category A) will be excluded (negative list) in the sub-project screening process and will not be feasible due to the ceilings of funds available under the project. An Environmental and Social Management Framework has been prepared by MDLF since all sub-projects are not fully known a priori. The ESMF contains provisions for screening of sub-projects and acceptance/rejection criteria, negative lists. MDLF will monitor compliance on EMP provisions of different municipalities during implementation. |
| Natural Habitats OP/BP 4.04 | No | |
| Forests OP/BP 4.36 | No | |
| Pest Management OP 4.09 | Yes | OP 4.09 is triggered, a few municipalities, particularly in Gaza support subprojects which may require financing to purchase of some chemicals for pest control, primarily |

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| | | mosquitoes. A pest management plan which is based on lessons learned under the MDP 1 has been updated for this project to ensure compliance with OP 4.09 policy on chemical purchased for pest management and proper storage and handling during project implementation. |
| Physical Cultural Resources OP/BP 4.11 | No | The project will contain a “chance find clause” in its bidding documents which will be described in the ESMF/EMP. Any sub project activity that might trigger cultural heritage operational polices will be excluded. |
| Indigenous Peoples OP/BP 4.10 | No | |
| Involuntary Resettlement OP/BP 4.12 | No | Any land requirements (temporary or permanent) for investments to be financed under the project will be met through lands that are owned by municipalities. Any sub-projects that may trigger the World Bank Policy OP 4.12 will be excluded, which include those that involve relocation of households, temporary or permanent land take, and impacts on livelihoods, including those that may occur through restriction of access to resources. To screen for this exclusion, the projects will rely on guidelines in the Operations Manual (OM), which will include a rigorous sub-project screening process. In cases of voluntary land donation (VLD), municipalities will need to ensure the appropriate documentation for the power of choice for the sub-project screening. |
| Safety of Dams OP/BP 4.37 | No | |
| Projects on International Waterways OP/BP 7.50 | No | Water and wastewater rehabilitation sub-projects are of limited scope and minor extensions to existing networks. No new water wells are allowed under the project and the impacts of the activities are minor and easily mitigated by EMP implementation. No significant impacts are expected to the shared groundwater aquifers in West Bank and Gaza. |
| Projects in Disputed Areas OP/BP 7.60 | No | |

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

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| 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 environmental and social impacts caused by the activities of the sub-projects funded under this project are minor and of temporary nature such as noise, dust, disruption of access to roads and facilities, and safety issues. Those impacts are identified for each sub-projects and ESMP is devised to mitigate those impacts and implemented by the beneficiary municipalities with direct supervision by the MDLF staff and their hired local technical consultants (LTC). Three LTCs are |

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| <p>hired in West Bank and 1 LTC in Gaza to help municipality engineers and staff devise and implement the provisions of the ESMPS, report to MDLF on compliance and any social impacts.</p> <p>Any land requirements (temporary or permanent) for investments to be financed under the project will be met through lands that are owned by municipalities. Any sub-projects that may trigger the World Bank Policy OP 4.12 will be excluded, which include those that involve relocation of households, temporary or permanent land take, and impacts on livelihoods, including those that may occur through restriction of access to resources. To screen for this exclusion, the projects will rely on guidelines in the Operations Manual (OM), which will include a rigorous sub-project screening process. In cases of voluntary land donation (VLD), municipalities will need to ensure the appropriate documentation for the power of choice for the sub-project screening.</p> |
| <p>2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:</p> |
| <p>No long-term environmental and social impacts are expected as a result of the municipal investments funded under the project. Any projects that might cause significant environmental impacts (category A) are excluded in the screening process when sub-projects are appraised by MDLF.</p> |
| <p>3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.</p> |
| <p>N/A</p> |
| <p>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.</p> |
| <p>MDLF is staffed by experienced environmental and social specialists who are responsible for screening the sub-projects proposals submitted by municipalities and reviewing the specific ESMPs for the project. MDLF also hired regional local technical consultants (LTCs) who give hands-on experience to municipal engineers, build their capacity for environmental and social management and supervisions of contractors. Several sub-projects in the first cycle of the project (project is 2 cycles in total) have been successfully implemented and the activities were carried in accordance to the ESMF. The Bank team has been continually monitoring the compliance during implementation support missions, via MDLF progress reports, and site visits to sample projects, and the safeguards performance was rated satisfactory all through project implementation.</p> |
| <p>5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.</p> |
| <p>Key stakeholders are the MDLF and beneficiary municipalities in West Bank and Gaza. During project identification, municipalities conduct their own consultations with their constituents on priority projects, MDLF provides backstopping and oversight on the process as well as project implementation. MDLF requires municipalities to disclose their projects ESMPs and document and respond to complaints using the Grievance Redressal Mechanism (GRM).</p> |

B. Disclosure Requirements

| Environmental Assessment/Audit/Management Plan/Other | |
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| Date of receipt by the Bank | 25-Mar-2013 |
| Date of submission to InfoShop | 25-Mar-2013 |
| For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors | //// |

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| "In country" Disclosure | |
| West Bank and Gaza | 24-Mar-2013 |
| <i>Comments:</i> | |
| Pest Management Plan | |
| Was the document disclosed prior to appraisal? | Yes |
| Date of receipt by the Bank | 25-Mar-2013 |
| Date of submission to InfoShop | 25-Mar-2013 |
| "In country" Disclosure | |
| West Bank and Gaza | 24-Mar-2013 |
| <i>Comments:</i> | |
| If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP. | |
| If in-country disclosure of any of the above documents is not expected, please explain why: | |
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C. Compliance Monitoring Indicators at the Corporate Level

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| OP/BP/GP 4.01 - Environment Assessment | |
| Does the project require a stand-alone EA (including EMP) report? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| Are the cost and the accountabilities for the EMP incorporated in the credit/loan? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| OP 4.09 - Pest Management | |
| Does the EA adequately address the pest management issues? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| Is a separate PMP required? | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>] |
| If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist? | Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>] |
| The World Bank Policy on Disclosure of Information | |
| Have relevant safeguard policies documents been sent to the World Bank's InfoShop? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| All Safeguard Policies | |
| Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| Have costs related to safeguard policy measures been included in the project cost? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |

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| Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |

III. APPROVALS

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| Task Team Leader(s): | Name: Christianna Johnnides Brotsis | |
| <i>Approved By</i> | | |
| Safeguards Advisor: | Name: Nina Chee (SA) | Date: 04-Dec-2015 |
| Practice Manager/ Manager: | Name: Ayat Soliman (PMGR) | Date: 23-Dec-2015 |