



Palestinian Authority
Ministry of Finance

West Bank and Gaza
“Finance for Jobs” Series of Projects (SOP)
Finance for Jobs 1

Environmental and Social Management Framework



World Bank Group

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Table of Contents

0. INTRODUCTION	7
0.1 Background	7
0.2 Environmental and Social Management Framework	8
1. PROJECT DESCRIPTION	9
1.1 F4J Objectives	9
1.2 F4J Components	9
1.3 Potential F4J Sub-Projects	13
1.4 Project Implementation Arrangements	13
1.5 Institutional Structure	15
2. ENVIRONMENTAL POLICY AND LEGAL FRAMEWORK.....	17
2.1 Applicable Laws	17
2.2 Palestinian Environmental Law	17
2.3 Palestinian Environmental Assessment Policy.....	18
2.4 Laws and Regulations Relating to Environmental Management.....	20
2.5 World Bank Project Categories and Safeguard Policies	21
2.6 Gap Analysis	25
3. ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK.....	27
3.1 Introduction.....	27
3.2 Screening Criteria.....	27
3.3 Subproject Screening and Approval.....	31
3.4 Project Implementation.....	44
4. ENVIRONMENTAL ASSESSMENT AND PREPARATION OF ESMP	46
4.1 Introduction.....	46
4.2 Examples of EM	46
5. PUBLIC CONSULTATION AND COMPLAINTS MECHANISM.....	54
5.1 Laws and Regulations relating to Community Participation	54
5.2 Environmental and Social Consultation.....	54
5.3 Grievance Redressal Mechanism	55

5.4	<i>Complaints' Mechanism</i>	55
5.5	<i>World Bank Performance Standard on Labor and Working Conditions</i>	56
6.	ENVIRONMENTAL AND SOCIAL MONITORING AND CAPACITY BUILDING	57
6.1	<i>Environmental and Social Monitoring Guidance</i>	57
6.2	<i>Monitoring, Evaluation, and Reporting Responsibilities</i>	58
6.3	<i>Capacity Building Requirements</i>	58
6.4	<i>Capacity Building Good Practices</i>	59
6.5	<i>Financial Implications</i>	60
7.	ANNEXES	62
	Annex I: The ESMF Terms of Reference	63
	Annex II: ToR for PIA	74
	Annex III: Chance Find Procedures	75
	Annex IV: F4J Pest Management Plan	78
	Annex V: Sample Environmental Management Plan	81
	Annex VI: Sample Safeguards Monitoring Reports	87
	Annex VII: Environmental Requirements for Contractors	92
	Annex VIII: Summary of Public Consultations	101
	<i>Annex VIII (A): Stakeholder Consultation Meeting at Grand Park</i>	102
	<i>Annex VIII (B): Stakeholder Consultation Meeting in Nablus</i>	105
	<i>Annex VIII (C): Stakeholder Consultation Meeting in Ramallah</i>	110
	Annex IX: World Bank Performance Standard on Labor and Working Conditions	116

List of Tables

Table 1: World Bank Safeguard Policies and Core Requirements under each Policy	23
Table 2: Environmental Screening and Classification of Projects	33
Table 3: Social and Cultural Resource Screening of Subprojects	41
Table 4: Environmental Management Checklist for construction projects (example)	43
Table 5: Environmental and Social Impacts for Agricultural Services Projects	47
Table 6: Main Environmental and Social Impacts for Alternative Energy (Solar) Projects.....	47
Table 7: Main Environmental and Social Impacts for Access Roads Improvement and Upgrading Projects.....	48
Table 8: Environmental and Social Impacts due to the Construction Industry Projects	48
Table 9: Environmental and Social Impacts due to IT and digital entrepreneurship Projects.....	49
Table 10: Environmental and Social Impacts due to Tourism-Related Projects	49
Table 11: Environmental and Social Impacts due to Handicrafts, Shoes, and Furniture Projects.....	50
Table 12: Project Activities and Potential Impacts during Construction Phase of Subprojects	51
Table 13: Project Activities and Potential Impacts during Operational Phase of Subprojects	53
Table 14: F4J Monitoring, Evaluating, and Reporting Framework.....	58
Table 15 : Proposed Training Sessions	61

List of Charts

Chart 1: F4J Institutional Structure.....	15
Chart 2: Environmental Categories Screening Chart.....	40
Chart 3: Social Safeguard Screening Chart	42
Chart 4: Project Implementation Chart.....	45

List of Acronyms

DIB	Development Impact Bond
DM	DIB Manager
EA	Environmental Approval
EA	Environmental Auditing
E4E	Education for Employment
ESIA	Environmental and Social Impact Assessment
EM	Environmental Matrix
ESO	Environmental and Social Officer
EQA	Environment Quality Authority
ES	Environmental Screening
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental Management Plan
FDI	Foreign Direct Investment
F4J	Finance for Jobs
GRM	Grievance Redress Mechanism
IEE	Initial Environmental Evaluation
ILO	International Labor Organization
IT	Information Technology
IVA	Independent Verification Agent
KPIs	Key Performance Indicators
M&E	Monitoring and Evaluation
MoA	Ministry of Agriculture
MoH	Ministry of Health
MoF	Ministry of Finance
MoL	Ministry of Labor
MoTA	Ministry of Tourism and Antiquities
NCCI	Chamber of Commerce and Industry
NGO	Non-Governmental Organization
NSP	National Spatial Plan
OHS	Occupational Health and Safety
OP	Operational Policy
OP/BP	Operational Policy/Bank Procedures
PA	Palestinian Authority
PC	Project Counterpart
PDO	Project development Objectives
PID	Project Information Document
PMP	Pest Management Plan
PEL	Palestinian Environment Law

PEAP	Palestinian Environmental Assessment Policy
PIA	Project Implementation Agent
PO	Project Officer
PPP	Public Private Partnership
PS2	Performance Standard 2
QPR	Quarterly Progress Report
RFP	Request for Proposals
SDT	Skills Development and Training
SMEs	Small and Medium Enterprises
SOP	Series of Projects
SPV	Special Purpose Vehicle
TA	Technical Assistant
ToR	Terms of Reference
UN	United Nations
VGf	Viability Gap Financing
WBG	World Bank Group

0. INTRODUCTION

0.1 Background

Private sector led growth is central to the socio-economic future of the West Bank and Gaza. The Finance for Jobs (F4J) project seeks to address selected constraints highlighted in consultations with stakeholders and in analysis conducted by the World Bank Group that are seen having significant impact on firm performance and the generation of job opportunities in sectors with more favorable prospects for private investment. These issues include: investment financing including a lack of high risk/early stage capital and a mismatch of skills between those demanded by the private sector and those possessed by graduates, including contributory low levels of investment in training and business upgrading. There is also a wide-range of investment climate constraints, although many of the more distortionary are beyond the Palestinian Authority (PA) to correct. Where realistic and complementary to the project's overall Project Development Objectives (PDO) and core activities, support will be considered to address those constraints affecting the targeted sectors.

F4J would represent the first of an anticipated and potential “Series of Projects” (SOP). In a SOP programmatic approach, a series of two or more projects are designed for implementation overtime, building on lessons learned and achievements from previous project(s) in the series. A programmatic framework would allow for the significant capacity building and learning dimensions that are integral to the objectives of the F4J to be achieved. Taking a stepwise approach ensure that key risks entailed in the project objective are mitigated. Given the unique constraints facing the Palestinian economy and the limited results from existing interventions in support of private investment and job outcomes, the F4J project will be framed as an innovation and learning initiative entailing high risks and potentially significant development returns.

The introduction of new financing instruments will commence under this first project with the piloting of a Development Impact Bond (DIB). Based on outcomes of market readiness and capacity building efforts, subsequent projects in the SOP could entail further DIB activity and/or the introduction of alternative financing instruments such as “Viability Gap Financing” (VGF) to help address specific market failures that are curtailing private investment initiatives, expanded deployment of guarantee instruments and/or support to start-up equity facilities, depending on the prospective pipeline of job-creating private investments.

F4J will thus comprise three main components: (i) targeted financing through the deployment of a DIB to support skills development amongst youth; (ii) capacity building to support the entrepreneurship ecosystem, build a pipeline of job-focused Public Private Partnership (PPP) investments, and enhance the ability of the Palestinian Authority to utilize innovative financing instruments; and (iii) project management, monitoring and evaluation (M&E) and technical services. Building the pipeline will allow the F4J to identify, prepare, and finance subprojects. F4J will not finance activities on the ground, but subsequent projects will.

0.2 Environmental and Social Management Framework

Environmental and Social Management Framework (ESMF) presents the environmental and social criteria for screening projects against the potential environmental and social impacts. It also gives detail guidelines for proper assessment, mitigating, and monitoring of possible and potential impacts.

This ESMF is the safeguard document for the proposed F4J project. It sets out principles, rules, and procedure to screen, access, manage, and monitor the mitigating measures of anticipated environmental and social impacts of F4J investments. It contains a range of suggested measures and plans to reduce, mitigate, and/or offset adverse impacts and enhance positive impacts. It also provides information of the agencies responsible for addressing the project impacts. **Annex I** is the Terms of Reference (ToR) for the preparation of this ESMF.

The ESMF provides background and requirements to determine when and how environmental assessment documents need to be prepared and includes:

- (i) Identification and description of the nature and extent of environmental and social impacts as a result of the potential sub-projects;
- (ii) An environmental and social screening checklist for potential sub-projects;
- (iii) Proposed mitigation measures to be considered as part of the evaluation of potential SoPs and project sectors as part of F4J;
- (iv) An assessment of the environmental and social safeguards expertise in the MoF and other relevant implementation parties;
- (v) A capacity building plan for the F4J1 project, including training, budget, and timetable;
- (vi) Stakeholder consultations with concerned stakeholders including the affected population and concerned government agencies and private sector organizations and the recommendations obtained; and
- (vii) A Grievance Redress Mechanism (GRM) for the F4J.

Subprojects to be financed by F4J are not to include EA Category A projects; only EA Categories B and C are to be considered. The ESMF is prepared in compliance with the World Bank and Environment Quality Authority (EQA) safeguard policies for Category B Projects, as well as in compliance with the environmental and social laws of the PA.

1. PROJECT DESCRIPTION

1.1 F4J Objectives

The proposed key performance indicators (KPIs) at the PDO level for this first proposed F4J project include: (i) training and job outcomes related to the deployment of a DIP; (ii) enhanced capacity of public and private sectors to deploy innovative financing instruments.

1.2 F4J Components

The F4J is composed of three main components, each comprises sub-components and phases.

1.2.1 DIP for Skills Development and Training (US\$ 3.5 million)

This component will focus on enhancing the skills of the Palestinian workforce; specifically youth aged 18 to 29 years, to meet private sector demand in support of job outcomes. Project preparation work has revealed that despite the large amounts donor funds invested in the skills development sector (to the tune of US \$140 Million since 2001), there continue to be significant mismatches between the training that institutions in the West Bank and Gaza provide and what the private sector needs. Training institutions have traditionally emphasized academic and rote learning, rather than the practical, technical, and soft skills demanded by the private sector.

Skills Development and Training (SDT) will be financed by a DIB, risk capital that only receives a return if targeted outcomes are achieved. The component will be approached using two phases: (i) capacity building to prepare the market for the DIB including the structuring of the instrument and raising investor finance and (ii) the delivery of the DIB itself to ultimately train and employ unemployed youth in the West Bank and Gaza.

1.2.1.1 Capacity Building and Public-Private Linkages for Skills DIB

In support of the DIB instrument, this first phase of the component will identify Palestinian institutions, training service providers, and private sector partners that could assist to close the skill gap in the market. This component would complement and build from the success of the World Bank's Education to Work Transition projects and other donor efforts in building capacity for service providers. This component will be supported by the IFC Education for Employment (E4E) initiative.

The capacity building would include activities such as the following:

- Supporting potential providers in developing training courses aligned with Employer needs,
- Preparing specifications for job portal enhancement,
- Working with education institutions to improve linkages to the private sector,
- Raising awareness of the DIB program amongst education institutions and employers.

1.2.1.2 DIB Implementation and Delivery

The second phase would consist of the implementation DIB, including the delivery of training services and mechanisms to place unemployed graduates into jobs. It is envisaged that the DIB would support a portfolio of interventions, with the exact package of services for target beneficiaries depending on sector and individual needs:

- Soft skills training tailored to specific skill requirements identified by the employer;
- Technical and Vocational training, particularly focused around trade skills but also including higher level technical and specialist occupations;
- Sector specific training, particularly for high skill graduate employment opportunities;
- Internship/work placement support;
- English language training – particularly business and sector specific training;
- Entrepreneurship support including business training; and
- Mechanisms to link the number of individuals trained to employers willing to offer internships or jobs, with a partial salary contribution possibly offered.

Overall the DIB will support outcomes focused on primarily three dimensions: (i) reducing the skill mismatch in sectors where there is demand for and supply of workers, but workers do not have the skills and experience demanded by the market due to a mismatch between training supply and private sector needs; (ii) increasing the supply of qualified workers in sectors where there is some limited existing opportunities in specific areas (e.g. IT); and (iii) promoting entrepreneurship through relevant training.

1.2.2 Market Readiness and Capacity Building (US\$ 0.750 million)

1.2.2.1 Entrepreneurship Ecosystem Support

While the innovation and entrepreneurship ecosystem in the Palestinian Territories is nascent, it is currently gaining substantial momentum within the Palestinian private sector. Ranging from seed-stage accelerators, training boot-camps, and entrepreneurship university courses, to the establishment of Foreign Direct Investment (FDI) and locally funded venture capital funds, expanding the segment of educated professionals who opt for income generation through entrepreneurship over the traditional job market, where Employment opportunities are slim.

As a response to, and to capture the momentum of, the rapidly growing sector local and international institutional investors were quick to commit \$200M-\$300M in capital to invest in Palestinian startups and Small and Medium Enterprises (SMEs), mainly – but not exclusively – in the technology sector. In recent years, several donors have also funded entrepreneurship-support programs. However a clear gap remains between donor-provided support services and the development of a steady stream of investment ready startups required to maintain the feasibility of venture and growth-capital funds. This resulted in significant locked up capital on the investor side, and non-sustainable entrepreneurship-support programs lacking a strong private sector orientation on the supply side.

In line with the overarching project development objective of mobilizing private investment towards the achievement of job outcomes, the proposed entrepreneurship support program aims to unlock the capital of venture capitalists and growth capital funds (who often report weak demand and dry investment pipelines) by filling the post-accelerator funding gap through the development of angel investor groups and other forms of post-accelerator financing and mentorship, where venture capital and private equity investors typically would not engage. Key to the engagement of this stage of the investment cycle is partnership with private sector with a “committed investment”, to ensure sustainability and to avoid the replication of donor driven programs which lack private sector orientation and technical experience.

1.2.2.2 Building a Pipeline of Job-Focused PPP Investments

The analysis conducted on the job/skills market reconfirms the very limited capacity for new Employment in the absence of new private sector investment. Fostering these investments will be a sine qua non for any significant improvement. Initial analysis suggests that investment opportunities do exist, even within the currently constrained environment of the occupation, including in agro-processing, IT and light manufacturing - particularly in the case of this last sub-sector via existing industrial park/facility locations. Given the social externalities of job creation, there is a public good case to be made for support to be provided to enable these projects to proceed. In order to assess these benefits and the social rate of return they provide in order then to determine the merits of financial support, detailed feasibility work is required. This component will establish a facility to finance these assessments and assist the PA and private sector to build a pipeline of job-focused PPP investments. Subject to the outcome of the due diligence, a subsequent project could put in place a Viability Gap Financing (VGF) instrument to cover these public good costs, allocated through a competitive process.

A preliminary assessment of some of the potential candidate projects that could merit more in-depth assessment through the project facility has been undertaken during project preparation. For example, of particular note is a potential solar power sub-project investment at the Gaza Industrial Park. Initial assessment of job creation impact, financial projections and technical requirements, suggest that this has high short-term potential and, in view of this, additional further feasibility work will be undertaken by the World Bank energy team. Should this subsequently prove both developmentally and commercially viable, consideration could be given under the F4J to provide complementary financing necessary to bring this initiative to commercial and financial close. Additional private investment opportunities for assessment will be considered, during the life of the project, based on a “first come - call for proposal” procedure and subject to availability of project funding. That is to say that the pipeline will allow the F4J to identify, prepare, and finance subprojects. F4J1 will not finance activities on the ground, but subsequent F4J phases will.

1.2.2.3 Capacity Building to the Palestinian Authority

There are many market failures confronting the PA as it seeks to address job priorities in what is a uniquely fragile and conflict-affected economy. These are highlighted in the recent Investment Climate Report “Fragmentation and Uncertainty”. Many of these failures lie beyond the control of the PA through traditional policy, legal and regulatory instruments, or at least these instruments offer only potential long-term solutions. To tackle the fragmentation and uncertainty, the PA needs to develop even stronger and closer partnerships with the private sector. More specifically, it requires more innovative approaches to risk-sharing between the public and private sectors in order to finance new job creating investments.

Effectively assessing social and economic returns and structuring financial arrangements that provide both private and public sector with a more manageable distribution of the different project risks that confront the investment choice in the West Bank and Gaza is a specialized expertise. As such it commands a premium market price and is something that governments generally recruit on an as required basis. Notwithstanding this, governments need to have the capacity to manage such externally provided expertise and follow through on recommendations as to financing in ways that ensure fiscal prudence, balance the incentives to avoid the distortions that can undermine the social gains targeted and ensure effective implementation, monitoring and evaluation of activities and outputs\outcome.

The capacity of the Palestinian Ministry of Finance (MoF) in respect of the additional responsibilities that come with assessing, developing and potentially managing innovative financing instruments will need to be significantly augmented. The project will – building on a core private sector implementation platform detailed in section 2.4 below – provide a package of capacity building support comprising inter alia technical assistance, training, secondments, internships and placements and essential facilities, equipment and software. Essential facilities are mainly to support the Technical Assistant (TA) that the F4J is to provide for the MoF. Critical to the success of this initiative will be the readiness of the MoF, in terms of organizational and staffing arrangements, to effectively absorb this proposed capacity building package.

1.2.3 Project Management (US\$ 0.750 million)

This component will support overall project implementation, including capacity building for the Project Implementation Agent (PIA) and Monitoring and Evaluation (M&E). As detailed further below, to the maximum extent possible, the implementing agency (PIA) will be recruited from the private sector (in conformity with World Bank guidelines) and will also provide oversight to sub-implementers of the project components (i.e. DIB, PPP pipeline development, VGF facility). Particularly as the tracking of outcomes is critical to the DIB instrument, this component will also provide support to activities such as the building of a baseline, data collection, and outcomes measurement.

Project Management and M&E include strengthening the M&E System, external and internal audits, Evaluation and Impact Assessments, communications and outreach, as well as general project management.

1.3 Potential F4J Sub-Projects

According to initial analysis, the following sectors: **(i) agriculture; (ii) IT and digital entrepreneurship; (iii) tourism; (iv) construction; and (v) energy** have been identified as offering strong growth and job creation prospects, potentially generating around 40% of the jobs needed to reduce unemployment by 10% to 2030. While more than 20 sectors and sub-sectors were assessed, the five prioritized sectors have been selected because they have the greatest capacity and potential to maximize immediate and long-term opportunities and spur broader multiplier effects in other sectors and across the economy under the existing policy framework. In other words, sectors that offer not only maximum potential for growth and employment but also greatest scope for private sector intervention and ownership under existing constraints. These 5 eligible sectors (initial screening) are, among others, offering strong economic growth and job creation prospects. As such, they are supported for in the current ESMF. If additional sectors are to be financed, the ESMF will be revised and redisclosed.

1.4 Project Implementation Arrangements

The overall project implementation arrangements would entail three levels. At the apex is the Ministry of Finance (MoF) as the formal PA Project Counterpart (PC) to the project. For the overall management of the project there would be a Project Implementation Agent (PIA) and a specialized Management team for the DIB (DIB Manager – DM). The DIB will be launched during the project. DIB-DM is to design and prepare the DIB.

As noted earlier, the PIA will be contacted by MoF from the private sector – with delegated decision making authority for funds allocation and disbursement in accordance with performance-based contracts to be signed with the PA and MoF and in conformity with World Bank procurement and grant guidelines.

The PIA will be staffed accordingly and report to the PC (MoF). A detailed ToR for the PIA and different staff positions has been prepared and recruitment will commence in advance of project approval in order to accelerate progress towards project start-up readiness. In addition, the PIA would be responsible for contracting the specialized third party Independent Verification Agent (IVA) to provide assessments of outcome achievements on the basis of which remunerations will be disbursed to the implementation agencies.

The PIA will be responsible for the contracting of the DIB Advisor (D-Adv) management of the entrepreneurship ecosystem sub-component, contracting the feasibility study work to be undertaken to assess potential job-focused investments and provision of the capacity building

support to the PA. The specific composition of the PIA will include the following core positions: (i) PIA Manager and senior economist; (ii) procurement specialist; (iii) financial management specialist; (iv) M&E specialist; (v) communications officer; (vi) environmental and social officer (ESO) (see **Annex II for TOR**); and (vii) project coordinator in Gaza.

In addition to the PC, the PIA and the DM, there will be separate provider contracts generated for other activities to be undertaken under the project, namely for contracts for DIB services and capacity building and market readiness activities. Moreover, once the DIB process is launched, a Special Purpose Vehicle (SPV) will need to be established by the private sector investors in the DIB.

The following summarizes the main project functions of each of the parties referenced above:

Ministry of Finance (MoF): Key roles and responsibilities include:

- Project design and associated preparation work, including legal accountability for safeguard compliance;
- Stakeholder consultations and ongoing stakeholder coordination;
- Concluding Grant Agreement with the PIA;
- Funds transfer to the PIA and outcomes payments to the DIB SPV via the PIA
- Review and approval of Quarterly and Annual Work planning;
- Review and approval Quarterly Project Progress and Outcomes Reports.

- Management of the GRM

Project Implementation Agent (PIA): Key roles and responsibilities include:

- Project procurement, including the DIB Manager (DM);
- Financial management of project funds;
- Day-to-day project management, include work plan preparation;
- Technical Services – specifically for the investment pipeline and capacity building;
- Safeguards sub-project screening, guidance for sub-project ESIA/ESMP preparation, capacity building;
- Negotiation of the DIB with investors;
- Monitoring and Evaluation, including Progress Reporting.

- Day-to-day support for the management of the GRM

DIB Manager (DM): Key roles and responsibilities include:

- Design and Preparation of the DIB;
- Management of initial capacity building support to prospective DIB Service Providers;
- Management of the DIB Service Providers;
- Monitoring and Evaluation reporting on DIB implementation;
- DIB Services work planning and Progress and Outcome Reporting.

Special Purpose Vehicle (SPV): Key roles and responsibilities include:

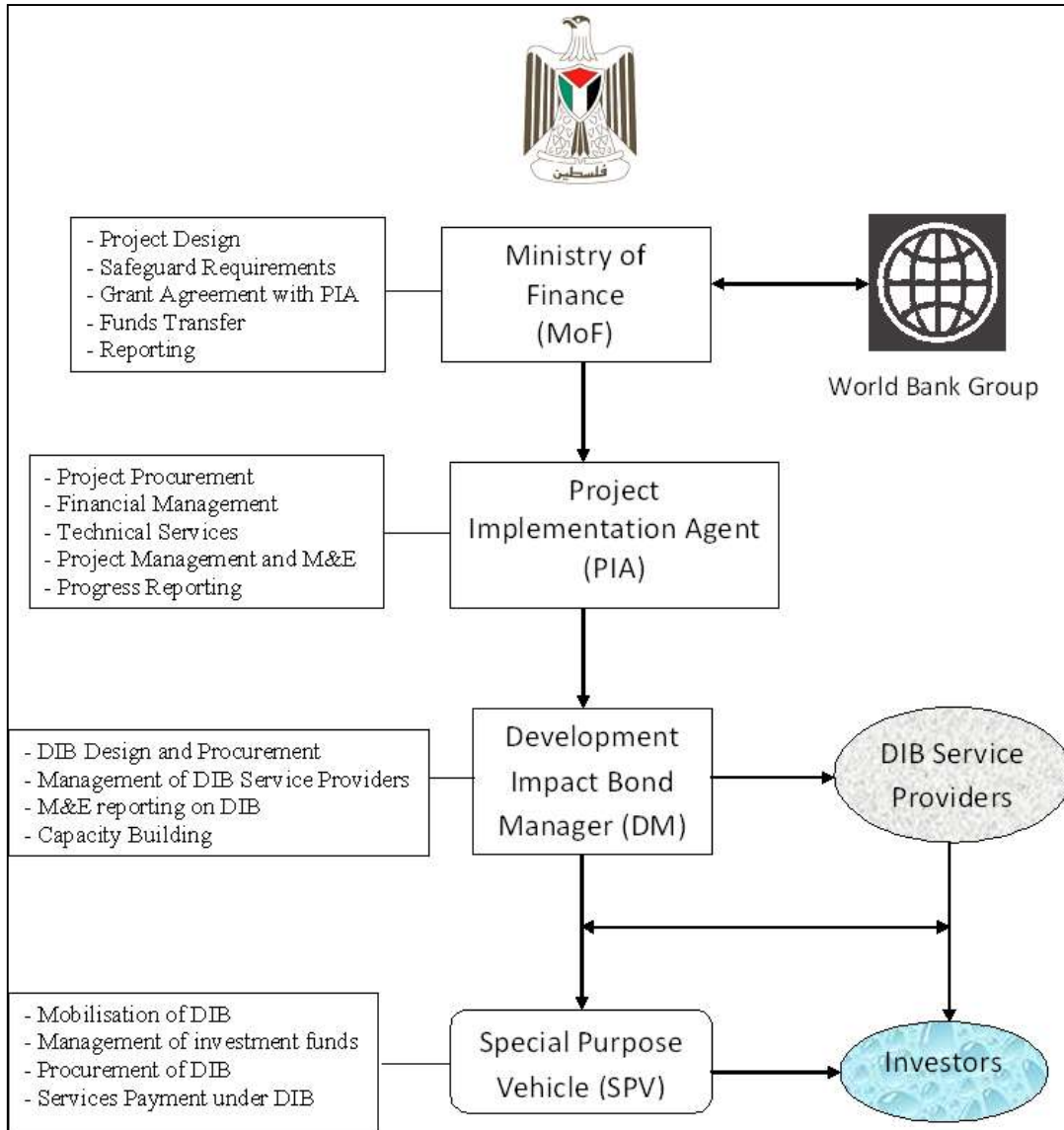
- Mobilisation of DIB investors and management of investment funds;
- Procurement of the DIB service providers;
- Payment of the services delivered under the DIB from investor funds.

It should be noted that in the early phase of the project, prior to the establishment of the SPV, the PIA will be responsible for preparing, issuing, and negotiating the Request for Proposals (RfP) for the DM. The DM will be responsible for: (i) DIB Service Provider Capacity Building; (ii) DIB Design and Procurement; (iii) DIB Service Providers.

1.5 Institutional Structure

Chart 1 depicts the institutional structure of the implementation of F4J. The MoF as the PC will be the signatory of the F4J and the recipient of the Bank's Grant and reporting back to the Bank. The Grant would be disbursed through a designated account. The PIA, as contracted by MoF, will be responsible for the overall implementation of the project and management of the account. The PIA will be responsible for all fiduciary aspects including financial management, procurement, and safeguards (management and monitoring of environmental and social aspects), incurring expenditures and making payments. **Annex II** is the ToR detailing the responsibilities, skills, and qualifications for the PIA.

Chart 1: F4J Institutional Structure



2. ENVIRONMENTAL POLICY AND LEGAL FRAMEWORK

2.1 Applicable Laws

The legal and institutional framework concerning the West Bank and Gaza is quite exceptional. The relevant laws span the Ottoman regime, the British Mandatory period, the Jordanian administration of the West Bank, the Egyptian administration of the Gaza Strip, the Israeli civil administration, and the Palestinian Authority (PA) administration. The PA administers its affairs in accordance with relevant ordinances and legislation applicable respectively to Gaza and the West Bank. However, it remains a challenge to seek remedies in the PA court system because of the uncertainty concerning enforcement and the institutional limitations of the Palestinian court system.

The laws and ordinances applicable to Gaza and West Bank before 1967 were adopted into the PA legal regime as Decision No. 1 of the elected Palestinian Council on 20 May 1994. The decision provided that “The laws, regulations and orders which were in force prior to 5 June 1967 in the West Bank and Gaza Strip shall remain in force until unified.”

The Prime Minister and Ministers of Interior, Justice, and Finance have the authority to enact the provisions of the laws. Additional Presidential decrees since June 2007 have provided the President with authority that would normally belong to the various Ministers.

2.2 Palestinian Environmental Law

The Palestinian environmental legal and administrative framework has taken major strides towards protecting environmental resources and institutionalizing their sustainable management. The Palestinian Environment Law (PEL) is comprehensive, covering the main issues relevant to environmental protection and law enforcement. Among the objectives of the PEL are:

- Protecting the environment from all sorts and types of pollution
- Protecting public health and social welfare
- Incorporating environmental resources protection in all social and economic development plans and promote sustainable development to protect the rights of future generations;
- Conserving ecologically sensitive areas, protecting biodiversity, and rehabilitating environmentally damaged areas;
- Setting inter-ministerial cooperation regulations and standards various environmental protection areas and jurisdictions;
- Promoting environmental information collection and publication, public awareness, education and training.

The PEL addresses various environmental issues including:

-
- Management and protection of various resources. Issues covered are related to land environment, air environment, water resources and aquatic environment, natural, archeological, and historical heritage protection.
 - Environmental and Social Impact Assessment (ESIA) and auditing, permitting of development projects, monitoring of environmental resources and their parameters.
 - Penalties to be applied in case of violation of any article presented under the law.
 - Other issues addressed by the legislation include emergency preparedness, public participation, research training and public education.

The PEL of 1999 has stated in article 45, “The Ministry (nowadays EQA), in coordination with the competent agencies, shall set standards to determine which projects and fields shall be subject to the environmental impact assessment studies. It shall also prepare lists of these projects and set the rules and procedures of the environmental impact assessment”.

Article 47 of the PEL states that: “The Ministry (EQA), in coordination with the competent agencies, shall determine the activities and projects that have to obtain an environmental approval before being licensed. This includes the projects that are allowed to be established in the restricted areas”.

2.3 Palestinian Environmental Assessment Policy

The Palestinian Ministerial Council approves the Palestinian Environmental Assessment Policy (PEAP), through resolution No: 27-23/4/2000. This Policy shall be interpreted and implemented to support the sustainable economic and social development of the Palestinian people through assisting in meeting the following goals:

- Ensuring an adequate standard of life in all its aspects, and not negatively affecting the basic needs, and the social, cultural and historical values of people as a result of development activities.
- Preserving the capacity of the natural environment to clean and sustain it.
- Conserving biodiversity, landscapes and the sustainable use of natural resources.
- Avoiding irreversible environmental damage, and minimizing reversible environmental damage, from development activities.

According to the PEAP, the documents that represent sequential stages in the project life cycle and the Environmental Approval (EA) process are: Application for Environmental Approval; Initial Environmental Evaluation (IEE); and Environmental Impact Assessment (EIA). The EQA shall provide guidance on the content and preparation of these documents.

The IEE is for projects where significant environmental impacts are uncertain, or where compliance with environmental regulations must be ensured; whereas an EA is required for projects which are expected to have significant environmental impacts.

The proponent submits the application for EA to the appropriate permitting authorities as part of his overall application package for initial approval. These authorities then refer the project to EQA, which may ask the proponent for further information to ensure the application is sufficient for consideration. EQA then applies the screening guidelines and determines whether an EIA Report is required.

The EQA screening process is based on requirements of relevant land use plans, and on whether the project is likely to:

- Use a natural resource in a way that pre-empts other uses of that resource,
- Displace people or communities,
- Be located in or near environmentally sensitive areas such as natural reserves, wetlands, or registered archeological and cultural sites,
- Generate unacceptable levels of environmental impact,
- Create a state of public concern, or
- Require further, related development activities that may cause significant environmental impacts.

The sub-projects that meet any of the above criteria and are to raise public concern are excluded from F4J.

The EQA screening criteria are equivalent with the OP 4.01. A project that triggers any of the above criterion is subject to ESIA regardless if it requires further development activities or not. The ESIA is to define the environmental impacts of the project and the measures to mitigate the adverse impacts or capture potential environmental benefits, i.e. an ESMP. If ESIA is not required, EQA will determine, in coordination with the relevant permitting authorities or the EA Committee, whether or not Environmental Approval will be granted and, if so, under what conditions.

Without limiting its content, an EA may specify:

- Required measures to mitigate adverse environmental impacts or capture potential environmental benefits, including a compliance schedule,
- Measures that the proponent must implement in order to comply with relevant standards and requirements; and
- Monitoring and reporting duties of the proponent.

In comparison with the World Bank safeguard policies and based on local experience gained from several World Bank funded projects implemented in the West Bank and Gaza, it can be concluded that the EQA environmental assessment requirements are similar to World Bank Operational Policy 4.01. More specifically, EQA applies similar classification of the projects into three categories A, B and C. Projects that are classified under category A require a full EA. Projects that are classified under category B usually require an Initial Environmental Evaluation

(IEE), which is fulfilled by meeting the World Bank policy requirements for a category B project, i.e. an ESIA/ESMP. The EQA policy also meets the Environmental Health and Safety Guidelines (EHSG) and applies the related specific labour laws and regulations of the Ministry of Labour (MoL).

For existing projects and developments, Environmental Auditing (EAu) may be required by EQA. Its aim is to mitigate negative environmental impacts through evaluating their environmental management and performance. EAu is prepared by the owner or operator of the development activity and focuses on mitigation measures for existing environmental impacts to comply with relevant environmental standards and regulations. Decisions resulting from an EAu report can include:

- Suspension of the permit for the development activity by the permitting authority until specified measures are implemented;
- Agreement on conditions that will be applied to the development activity, including a plan of implementation; or

All mentioned laws, orders and regulations have enforcement power, the main base of the enforcement system is the Palestinian Public Health Law No. 20, Palestinian Labour Law No 7, 2000, and the Municipality regulatory system. Enforcement actions are to be taken by the municipality directly in some cases and through the court, the police and sometimes the district governor for much complicated cases.

Considering that EQA requirements are mandatory for projects in the West Bank and Gaza and that F4J project must subject to the World Bank EA policies; the above are in line and cope with both the Bank and EQA environmental assessment requirements.

2.4 Laws and Regulations Relating to Environmental Management

The PEL No. 7 for 1999, under the third chapter, required from the EQA to follow up the implementation of decisions which are issued concerning the environmental impact through cooperation with the competent authorities. The EQA shall, in coordination with the competent authorities, control the various corporations, projects and activities in order to ascertain the extent of its compliance with the approved specifications, standards and instructions for the protection of environment and vital resources formulated by it according to the provisions of this law.

For the above purposes, the law entitles EQA inspectors and other inspectors who are appointed in the Ministries and other authorities who have the capacity of judicial police as per the law to impound the environmental violations and crimes that may take place and violate this law. EQA inspectors shall also have, in cooperation with the competent departments and authorities; the right of entry into the installations for the purpose of inspecting them, taking samples, carrying

out the measurements and ascertains the application of the standards and conditions of the environment protection and prevention of pollution.

The owners of projects and other activities should enable EQA inspectors and competent authorities to carry out their functions and provide them with the information and particulars which they deem necessary to obtain in implementation of the provisions of the Law. Owners of Projects should also carry out self-supervision operations according to the standards and conditions formulated by the EQA, in coordination with the competent authorities, and submission of reports according to the instructions of EQA.

The competent authority shall have the right, with respect to every installation or project which has violated the environmental conditions necessary for granting the license, to cancel or withdraw the license before the competent court.

EQA may decide to stop the work in any project or prohibit the use of any machine or material in part or in whole if the continuation of work in the project or use of the machine or article involves a serious hazard to the environment. The stoppage or prohibition shall be for a period not exceeding two weeks and may not be extended except by a judicial order from the competent court. Whoever was harmed from the stoppage or prohibition order may take exception towards it before the competent court.

2.5 World Bank Project Categories and Safeguard Policies

World Bank classifies projects into EA categories, depending on the type, location, sensitivity, and scale of the project and the nature and magnitude of its potential environmental impacts. It uses the following three categories to signal the appropriate level of EA for any given project:

- Category A: A full EA is needed in accordance with the specific requirements of the Bank's EA policy and procedure for Category A projects, including in areas such as public disclosure, public consultation, and the timing for submitting the EA report to the Bank.
- Category B: An ESIA and ESMP is required, but its scope corresponds to the limited environmental impacts of the project; the Bank's EA policy and procedure provide specific guidance.
- Category C: No EA is required.

The selection of the category is based on professional judgment and information available at the time of project identification. If the project is modified or new information becomes available, Bank EA policy permits to reclassify a project. For example, a Category B project might become Category A if new information reveals that it may have diverse and significant environmental impacts when they were originally thought to be limited to one aspect of the environment. Conversely, a Category A project might be reclassified as B if a component with significant impacts is dropped or altered.

Projects are classified into Category A if they are “likely to have significant adverse impacts that are sensitive, diverse, or unprecedented, or that affect an area broader than the sites or facilities subject to physical works.” The impacts of Category B projects are “site-specific in nature and do not significantly affect human populations or alter environmentally important areas, including wetlands, native forests, grasslands, and other major natural habitats. Few if any of the impacts are irreversible, and in most cases mitigatory measures can be designed more readily than for Category A projects.”

In order for a project to be classified as Category C, it must be considered likely to have no adverse impacts at all, or the impacts would be negligible. In practice, the significance of impacts, and the selection of screening category accordingly, depends on the type and scale of the project, the location and sensitivity of environmental issues, and the nature and magnitude of the potential impacts.

Projects under category C are known to have no adverse environmental impacts, and accordingly will not require any environmental assessment or follow-up. Training, institutional capacity building, awareness, minor rehabilitation and furnishing/equipping of schools and training centers are examples of subprojects falling under Category C. Most of the service delivery type of projects falls under this category.

F4J is not to finance any project calcified under EA Category A and is only concerned with projects under EA categories B and C.

Under the World Bank’s operational policies, there are ten environmental and social policies referred to as the Bank’s “safeguard policies”. The Bank’s environmental assessment policy and procedures in light of these ten safeguard policies are described in OP/BP (Operational Policy/Bank Procedures). In addition to these ten (10) World Bank policies, the Performance Standard 2 – Labor and Working Conditions (PS2) applies to F4J.

The examination and assessment of the proposed projects shall be conducted in light of the World Bank’s environmental assessment policy and procedures OP/BP and consideration of the EA guidelines of EQA. Based on the information collected of the project, the assessment shall be addressed through:

- Review of the ten safeguard policies and determining the OP 4.01 Environmental assessment is triggered by the project. Mitigating measures have been identified accordingly.
- Description of the safeguard issues and impacts associated with the project. Identification and description of any potential large scale, significant and/or irreversible impacts.
- Description of the potential indirect and/or long term impacts due to anticipated future activities in the project area.
- Description of the measures taken to address safeguard policy issues and assessment of project proponent capacity to plan and implement the measures described.

- Identification of the key stakeholders and description of mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Table 1 outlines the core requirements under each of the World Bank policy and lists the conclusion of applying these to F4J. Based on the array of information that was available in context of this ESMF, it is anticipated that all the other safeguard policies; other than OP 4.01 Environmental Assessment and OP 4.09 Pest Management; are not encountered and will not be triggered by F4J subprojects.

ESMF is an environmental and social instrument prepared based on the OP 4.01 requirements and is to be applied to the classification and assessment of the projects to be financed by F4J, which will exclude any project under EA category A. An Operational Manual has also been prepared in compliance with the national and local policies and regulations as well as the Bank policies and procedures for safeguard, financial management, procurement, etc. In all cases, World Bank requirements and policies will prevail, in case of any discrepancy with the national legislation and EQA requirements.

Table 1: World Bank Safeguard Policies and Core Requirements under each Policy

Policy	Summary of Core Requirements	Public Consultation
OP/BP 4.01 Environmental Assessment	Screen early for potential impacts and select appropriate instrument to assess, minimize, and mitigate potentially adverse impacts.	This policy is triggered with sub-projects of F4J. It is to consult affected groups and NGOs as early as possible.
OP/BP 4.04 Natural Habitats	Do not finance projects that degrade or convert critical habitats. Support projects that affect non-critical habitats only if no alternatives are available and if acceptable mitigation measures are in place.	Natural habitats as defined by OP/BP 4.04 will not be encountered due to screening exclusions and therefore will not be triggered.
OP 4.09 Pest Management	Support integrated approaches to pest management Identify pesticides that may be financed under the project and develop appropriate pest management plan to address risks.	F4J subprojects in agriculture might trigger this policy. In this case it is to apply pest management requirements and to consult local people in planning, designing, and monitoring the subprojects.
OP/BP 4.10 Indigenous Peoples	Screen to determine presence of Indigenous Peoples in project area. Policy triggered whether potential impacts are positive or negative. Design mitigation	There is no officially recognized Indigenous People in the project area; thus this policy will not be triggered.

	measures and benefits that reflect Indigenous People cultural preferences.	
OP/BP 4.11 Physical Cultural Resources	Investigate and inventory cultural resources potentially affected, include mitigation measures when there are adverse impacts on physical cultural resources.	Subprojects triggering Physical and Cultural Resources will be excluded. Nonetheless, the ESMF contains chance find procedures.
OP/BP 4.12 Involuntary Resettlement	Assist displaced persons in their effort to improve or at least restore their standards of living. Avoid resettlement where feasible or minimize. Displaced persons should share in project benefits.	Involuntary resettlement provisions are screened for in Table 3 and Chart 3 and projects which involve applicability of this OP will be rejected.
OP/BP 4.36 Forests	Support sustainable and conservation oriented forestry. Do not finance projects that involve significant conversion or degradation of critical forest areas.	No forests exist in the project area. Nonetheless, forests will not be encountered due to screening exclusions and therefore will not be triggered.
OP/BP 4.37 Safety of Dams	For large dams, technical review and periodic safety inspections by independent dam safety professionals.	No large dams exist in the project area. Nonetheless, dams will not be encountered due to screening exclusions and therefore will not be triggered.
OP/BP 7.50 Projects on International Waterways	Ascertain whether riparian agreements are in place, and ensure that riparian states informed of and do not object to project interventions	No international waterways exist in the project area. Nonetheless, international waterways are included in screening exclusions and therefore will not be triggered.
OP/BP 7.60 Projects in Disputed Areas	Ensure that claimants to disputed areas have no objection to proposed projects	This provision is not applied to West Bank and Gaza projects.

The EQA list of “major development projects” are all consistent with “significant adverse impacts”. The EQA criteria for classifying the projects into A, requiring ESIA; B requiring ESIA/ESMP; and C likely to have negligible or no environmental impacts and normally not requiring ESIA is very much similar to the World Bank classification.

2.6 Gap Analysis

A gap analysis recently undertaken for the World Bank-funded Local Governance and Service Improvement Program (LGSIP) (June 2015) found that the Palestinian Environmental Law and the Palestinian Environmental Impact Assessment Policy as written, which are the overarching framework for environmental and social impact management, are largely consistent with World Bank environmental and social safeguards policies. However, there are gaps in the system, outlined below:

- **Gaps in ESIA Content:** While the content of the screening and analysis for EIAs under the Palestinian EIA Policy are comprehensive and cover most of the elements of OP/BP 9.00, there are gaps present in the content of ESIA requirements in three areas: (i) The screening process requires additional clear criteria and explanation of criteria related to (i.e. potential resettlement and livelihood impacts, requirements related to voluntary land donation, including documentation of consent, and other environmental and social impacts and hazards), (ii) the analysis of alternatives requires the “without project” alternative, and (iii) the EIA process needs to explicitly analyze induced impacts.
- **Impact Categorization Differences:** There are semantic mismatches between what the Bank and the Palestinian EIA Policy consider projects with “significant” impacts. For the Bank, “significant” refers to projects with adverse impacts that are sensitive, diverse, or unprecedented, and where impacts may affect an area broader than the site of physical works. In Palestine, the threshold for “significant” is not precisely defined. Projects which fall are considered as “Type A” are determined by a category list, a list that is largely commensurate with those having significant impacts by World Bank standards. As the F4J SOPs will not finance Category A-level projects by World Bank standards, through a screening process, this screening will also tag as ineligible for financing potential sub-projects considered “Type A” in EQA standards. The terms of reference for ESIA to be conducted for Category B/ “Type B” projects likely to be financed under the F4J program similarly need to cover both World Bank and Palestinian requirements.
- **Oversight of Non-full EIA Projects:** For those projects requiring a full ESIA per the criteria in the Palestinian EIA Policy, there are requirements for environmental management plans (including mitigation measures), environmental audits, public participation and disclosure. Those projects not requiring a full ESIA are subject to fewer requirements and less oversight – there are no requirements that these projects are audited, nor that the public is involved, nor that documents are disclosed.
- **Public Participation and Accountability:** Public participation and disclosure requirements for ESIA in Palestine are fairly weak. For those projects requiring a full ESIA, public availability of the documents is required. However, the actual process of public review and comment could be onerous and result in EIAs being relatively inaccessible. While consultations are required during

the preparation of the full ESIA between communities and the project proponent, public hearings are at the government's discretion during the ESIA review and approval process.

- ***Environmental Health and Safety Guidelines (EHSG):*** The PA encourages both international and national private sector entities to seek International Organization for Standardization (ISO) 14001 Environmental Management System certification as well as Occupational Health & Safety Advisory Services (OHSAS) 18001 Occupational Health and Safety Assessment System certification. These international standards, as they relate to EHSG, fill in for national EHSG standards.

Despite the following gaps above, most Palestinian Environmental Quality Authority (EQA) staff have strong EIA preparation and implementation skills, both at the national level and at the governorate level. However, EQA staff are much less familiar with Environmental and Social Management Frameworks. Furthermore, EQA offices are understaffed and underfunded, which results in the following shortcomings: screening checklists are not systematically applied at the correct time in the project cycle, staff are not able to systematically monitor environment and social impacts, and environmental and social management often remains outside of the planning and decision-making process. Nonetheless, impacts from projects have been managed fairly well. Findings during field studies and consultations with national counterparts suggest that on both levels there is a strong willingness to work through the issues. The Environmental and Social Officer (ESO) to be hired for F4J will work with local EQA staff in order to identify and mitigate these gaps for the F4J sub-projects. As there are expected to be very few sub-projects funded, and all are expected to be of large dollar value.

3. ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK

3.1 Introduction

Environmental and social screening will take place at an early stage of the F4J project cycle. It will be the instrument and help in excluding any sub-project that might trigger EA category A; physical cultural heritage per the Bank OP 4.11 specific to Physical Cultural Resources, OP 4.12 related to Involuntary Resettlement, and/or other Bank policies (see more details below).

This ESMF provides technical day-to-day guide for making sure that F4J subprojects are implemented in an environmentally and socially responsible manner. It provides guidance for screening project proposals against environmental and social risks. Based on the outcome of the risk identification and appraisal, eligibility of subprojects for financing are determined based on negative lists and screening criteria. The ESMF carries uniform templates to facilitate conducting review and screening. It provides guidance on planning the project-specific environmental and social management plans (ESMP), their implementation, and monitoring for the eligible subprojects.

3.2 Screening Criteria

3.2.1 Screening of project categories

F4J will exclude any project that is of EA Category A. The OP/BP 4.01 "Environmental Assessment" policy indicates and lists the kind of projects, which are categorized as "A" projects and for which a full environmental assessment is required. These projects include most of those having large population displacement impacts. Category B projects will require an ESIA and ESMP. Category C projects do not require environmental analysis. The classification will depend on the type, location, sensitivity, and scale of the project and the nature and magnitude of its potential environmental impacts.

F4J will include activities and subprojects that mainly have positive environmental and social impacts including capacity building and job creation. These projects, that are also not to have infrastructure construction and/or waste management aspects, would be classified as category B or C since they are social service-delivery types of projects. However, some F4J projects could include activities that might have negative impact particularly in terms of construction and agriculture projects.

The PEAP shall be incorporated and implemented to support sustainable economic and social development of the Palestinian people through assisting in meeting the following goals:

1. Ensuring an adequate standard of life in all its aspects, and not negatively affecting the basic needs, and the social, cultural and historical values of people as a result of development activities.
2. Preserving the capacity of the natural environment to clean and sustain it.

3. Conserving biodiversity, landscapes and the sustainable use of natural resources.
4. Avoiding irreversible environmental damage, and minimizing reversible environmental damage, from development activities.

3.2.2 Cultural Heritage and Physical Cultural Resources

Any project that is known to trigger OP/BP 4.11 Physical Cultural Resources will be excluded from F4J. However, chance find procedures are included in the rare case that previously unknown physical heritage artifacts are found.

The definition of physical cultural resources include any movable or immovable objects, sites, structures, groups of structures, and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance. Physical cultural resources may be located in urban or rural settings, and may be above or below ground, or under water. Their cultural significance may be at the local, provincial or national level, or within the international community.

In case of accidental findings of any antiquities or physical cultural resources that might occur during the implementation of the projects, the MoF and the project proponent must notify Ministry of Tourism and Antiquities (MoTA) immediately. According to the applicable Jordanian Heritage law No. 51 for the year 1966, Article 15, MoF must stop the project and notify the related Authority (MoTA) within 3 days to take the necessary actions.

The Chance Find Procedures are to be applied in case culturally valuable materials are uncovered during excavation includes:

- Stop work immediately following the discovery of any materials with possible archeological, historical, paleontological, or other cultural value; announce findings to project manager; and notify relevant authorities;
- Protect artifacts as well as possible using plastic covers; implement measures to stabilize the area, if necessary, to properly protect artifacts;
- Control access to site where finding occurred
- Prevent and penalize any unauthorized access to the artifacts; and
- Restart construction works only upon the authorization of the relevant authorities.

The Chance Find Procedures are detailed in **Annex III**.

3.2.3 Pest Management

In general, F4J is not to finance subprojects that encounter direct use of pesticides and fertilizers and trigger the Pest Management policy. However projects of agriculture sector could stimulate change or increase use of pesticides which is a trigger of the policy. Subprojects will be screened

for possible applicability of OP/BP 4.09 (Pest Management which supports integrated pest management and the safe use of agricultural pesticides). In such cases, the Bank Pest Management Procedure (**Annex IV**) must be applied.

In West Bank and Gaza, the use of pesticides is not controlled and the capacity to control and manage pest needs enhancement. The law of public health and the Ministry of Agriculture regulations controls and manage the pests and the use of pesticides, but their enforcement and implementation is still weak. Therefore there is a need to enforce regulations and apply appropriate management plans and support integrated approaches to pest management.

3.2.4 Involuntary Resettlement

In terms of social safeguards, any subproject that trigger the OP/BP 4.12 Involuntary Resettlement will be excluded as part of the list of ineligible grants to be provided in the Operational Manual. In other words, financing will not be provided to subprojects that result in direct negative economic and social impacts through the: (1) involuntary taking of land resulting in relocation or loss of shelter, loss of assets or access to assets, or loss of income sources or means of livelihood, whether or not the affected persons must move to another location; or (2) involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons. It is also to state that land taking includes displacement of people lacking legal land title.

Considering that proponent when submitting a project proposal/appraisal to MoF would have accomplished all legal requirements acquired by and respecting the revised Palestinian Basic Law of 2003, the Jordanian Law No. 79 of 1966, the Cities, the Villages and Buildings Regulating Law, and the Buildings and Regulation Bylaw for Local Authorities No. 5.

In cases of the purchase of land through a willing-seller willing buyer approach or through voluntary land donation, documentation of power of choice is required. In cases there is voluntary land donation, the World Bank practice recommendations should be followed as detailed in the below Box 1.

Box 1: World Bank Practice Recommendations on Voluntary Land Donation (VLD) Based on Global Experience

Regardless of country and project specificities, it is recommended that the basic guidelines be followed for voluntary land donation as follows:

1. Land to be donated must be identified by the community through a participatory approach; The impacts of proposed activities on donated land must be fully explained to the donor;
2. The potential donor is aware that refusal is an option, and that right of refusal is specified in the donation document the donor will sign;
3. The act of donation is undertaken without coercion, manipulation, or any form of pressure on the part of public or traditional authorities;
4. The donor may negotiate compensation (in full or in part) or alternative forms of benefits as a condition for donation;
5. The proportion of land that may be donated cannot exceed the area required to maintain the donor's livelihood or that of his/her household;
6. Donation of land cannot occur if it requires any household relocation;
7. For community or collective land, donation can only occur with the consent of individuals using or occupying the land;
8. Verification must be obtained from each person donating land (either through proper documentation or through confirmation by at least two witnesses);
9. The implementing agency establishes that the land to be donated is free of encumbrances or encroachment and registers the donated land in an official land registry;
10. Any donated land that is not used for its agreed purpose by the project is returned to the donor.
11. Voluntary land donation will not be permitted in cases of site-specific infrastructure as community pressure could be too onerous for a person to refuse, thus removing the power of choice.¹
12. There should be no coercion, manipulation or pressure from the community or public or traditional authorities for individuals to voluntarily donate land.

Each instance of land donation must be documented. This requires written notification indicating the location and amount of land that is sought and its intended use for the project, and requires a formal statement of donation, establishing informed consent and signed by each owner or user involved. Taxes to be paid by the land donor for registration of the land transfer, if applicable, should be covered in full by the implementation agency. Measures should be in place to protect Project Affected Peoples who cannot read and write to ensure they are fully aware when signing a document and particularly cognizant of the right to refusal (i.e. having a literate witness of their choice inform them of the contents of the documents and their right of refusal at the timing of signing). The implementation agency maintains a record with documentation for each instance of land donation. The documentation is made available for review in any grievances that may arise, and is provided to the World Bank upon request.

MoF will need to confirm the above criteria is met as well ensure that voluntary land donation was not done through coercion.

3.2.5 Natural Habitat

Any project that is known to possibly trigger OP/BP 4.04 Natural Habitat will be excluded from F4J. The screening is to be conducted by consultation of the authorized Palestinian authorities and ministries.

The recently prepared National Spatial Plan (NSP) that classifies West Bank and Gaza lands based on agriculture uses, groundwater vulnerability and sensitivity, etc. shall be referenced in this regard. Three main lands are specified by the NSP; lands where construction is allowed; lands that require investigations and environmental assessment prior to construction; and lands where construction is totally prohibited. The NSP was subject to critic and public objections after it was published and it is still under further negotiations and consideration.

3.3 Subproject Screening and Approval

While risks associated with various subprojects may vary from high to low risk, all of them are expected to fall under EA Category B and C. The following screening steps are to be applied:

1. The category of the sub-project is to be checked; if the project is listed among the projects that are under EQA EA category A, it will be rejected (Table 2, Section B). Similarly, if the characteristics of the proposed project are aligned with World Bank category A, it will be rejected (Table 2, Section C).
2. The projects are checked against the safeguard policies; if any of the Bank safeguard policies, other than OP 4.01 Environmental Assessment or OP 4.09 Pest Management, are triggered by the project, then it will be rejected (Table 2, Section C). Table 1 lists the Bank safeguard policies and their applicability to F4J SOP. Accepted agriculture projects that could stimulate change/increase in pesticides will be required to apply the Bank Pest Management Plan.
3. If the project is of Category B and is accepted, then an ESIA/ESMP is required to be prepared (Table 2, Sections D and E).
4. If the project is of Category C and is accepted, no further Environmental and social requirements are applied (Table 2, Section E).

Table 2 and Chart 2 detail the Environmental Screening that should take place at an early stage of the F4J project cycle. Sub-project screening forms ideally should be filled out after the long-listing steps and prior to short-listing stage, so that environmental and social aspects can be considered as part of the final selection of sub-projects. The screening and review process will be conducted by the PIA and approved by MoF Project Officers.

The screening process is also to include documentations, checklists and site-specific Environment and Social Review. This is needed in order to verify the sector and project specific ESIA and ESMP that have to be prepared for EA category B projects. The requirements of the ESMP as detailed in this ESMF will be also annexed to the Operations Manual.

Checklists are applied for screening and for identification of potential social and environmental impacts of projects. **Table 4** is an example of an Environmental Management Checklist for construction and rehabilitation projects. Similar checklists are to be used for screening of the subprojects as to determine which are to be excluded (EA Category A) and which are eligible for inclusion (EA Categories B and C).

A standard appraisal and mitigation ESMP will be part of the specifications and will form the basis of regular monitoring. The ESMP matrix based on the sectors and consisting of phases, and potential environmental and social impacts, if any, mitigation measures, operation and supervision.

Annex V presents a sample ESMP. It also list guidelines for a F4J sub-project ESMP. The Annex (**Annex VI**) gives also sample Environmental Safeguards Sub-projects Monitoring Reports, as well as a template for the Environmental and Social Safeguards section of the Quarterly Progress Reports. **Annex VII** is the environmental requirements for contractors, which are legally binding and are to be included in the contracts for the F4J subprojects.

Table 2: Environmental Screening and Classification of Projects

Environmental screening and classification of projects is to occur with the application of F4J, EQA screening and World Bank screening tables as specified below:

Project Title:	
A) F4J Screening	
What sub-project category does the proposed sub-project fall under:	Yes/No
Agriculture?	
IT and digital entrepreneurship?	
Tourism?	
Construction?	
Energy?	
Other?	
Please give a short description of the proposed sub-project below:	

If the proposed sub-project is not within one or more of the five sectors above, it cannot be considered under the current F4J ESMF. The ESMF would need to be updated and re-reviewed for clearance and disclosure before the sub-project could be accepted for F4J financing.

Project Title:	
Project Sector:	
Duration:	
B) EQA Screening	
Does the proposed subproject include any of the following characteristics:	Yes/No
Dams and reservoirs?	
Forestry production projects?	

Industrial plants (large-scale) and industrial estates?	
Irrigation, drainage, and flood control (large-scale)?	
Land clearance and leveling?	
Mineral development (including oil and gas)?	
Port and harbor development?	
Reclamation and new land development?	
Resettlement and all projects with potentially major impacts on people?	
River basin development?	
Thermal and hydropower development?	
Manufacture, transportation, and use of pesticides or other hazardous and/or toxic materials? (if Yes, please specify in Table 2 C below)	
Digging new water wells?	

If any of the replies to the above questions is “yes” (except the question on pesticides), then the potential sub-project is excluded from F4J funding.

Project Title:	
Project Sector:	
Duration:	
C) World Bank Project Screening	
Questions	Actions
<p>1. Is the sub-project likely to have significant adverse* environmental impacts (based on type, location, sensitivity, and scale of the project and the nature and magnitude of its potential environmental impacts)?</p> <p>*Significant adverse impacts are generally: (i) large-scale; (ii) irreversible; (iii) sensitive; (iv) diverse; (v) cumulative;</p>	<p>Yes / No (circle one) Please describe the primary adverse impacts and their possible ‘significance’ (as defined at left) here:</p>

Project Title:	
(vi) precedent setting; and/or (vii) may affect an area broader than the sites or facilities financed by the project.	(If potentially “yes”, please confer with ESO and confirm the environmental category of this sub-project will not be “A”) date non-applicability confirmed:
2. Is the sub-project likely to result in significant degradation or conversion of habitats and/or forests in designated protected areas, proposed protected areas or areas that, based on local public consultation, are considered of special ecological significance?	Yes / No (circle one) If potentially yes, please describe these impacts here:
3. Does this subproject have potential to cause significant conversion or loss or degradation of natural habitats either directly through construction or indirectly through induced human activities?	(If potentially “yes”, please confer with ESO and confirm that these potential impacts will not invoke application of OP 4.04 Natural Habitats) date non-applicability confirmed:
4. Will this sub-project have potential to cause temporary or permanent relocation or any other type of impact on physical cultural resources known to be of local, regional, or PA significance based on PA or international list?	Note: To answer this question please go to Table 3 and Chart 3 . Yes / No (circle one)
5. Will the sub-project utilize or discharge water from or into a river or river tributary that flows to or through or forms a border with a neighboring country or drains into an international sea or a sea that is connected with an international sea?	Yes / No (circle one) If potentially yes, please describe these impacts here: (If potentially “yes”, please confer with ESO and confirm that this sub-project will not invoke application of OP 7.50 International Waterways.) date non-applicability confirmed:
6. Will this sub-project involve dams in any way (e.g. new dams, dams under construction, current dams in use, dam rehabilitation):	Yes / No (circle one)

Project Title:	
<p>7. Will this sub-project have any potential impacts on : (a) health and quality of forests; (b) (rights and welfare of people who depend on or interact with forests; (c) and their level of dependence upon or interaction with forests; and/or (c) management, protection, or utilization of natural forests or plantations, whether they are publicly, privately, or communally owned?</p>	<p>Yes / No (circle one) If potentially yes, please describe these impacts here:</p> <p>(If potentially “yes”, please confer with ESO and confirm that this sub-project will not invoke application of OP 4.36 Forests.)</p> <p>date non-applicability confirmed:</p>
<p>8. Does this sub-project have the potential to include any of the following: involuntary taking of land; involuntary restriction of access; loss of shelter, loss of assets or access to assets, or loss of income sources?</p>	<p>Note: To answer this question please go to Table 3 and Chart 3.</p>
<p>9. Does the sub-project propose to manufacture, transport, and/or directly finance the use of pesticides?</p> <p>10. Does the project have the potential to stimulate increase/change in pesticides use and thus may trigger the Bank safeguard policy OP/BP 4.09 (Pest Management)?</p>	<p>Yes / No (circle one) If potentially yes, then the project is excluded per EQA guidance</p> <p>Yes / No (circle one) If potentially yes, please describe these impacts here:</p> <p>If the answer to question 10 is yes; then the Pest Management Procedure must be applied (Annex IV)</p>
<p>11. Is this sub-project likely to have minimal or no adverse environmental impacts?</p>	<p>Please outline all potential impacts and explain how they are likely to be minimal:</p> <p>Date Environmental Category confirmed as C:</p> <p>If category C: no ESIA or ESMP are required.</p>

Project Title:	
<p>12. Is this sub-project’s potential adverse environmental impacts on human populations or environmentally important areas—including wetlands, forests, grasslands, and other natural habitats likely to be:</p> <p>(i) Site-specific? (ii) Reversible? (iii) Mitigated with specific mitigation measures?</p>	<p>Please outline the sub-projects’ potential positive and negative environmental and social impacts:</p> <p>Please note how these impacts are site-specific, reversible, and able to be mitigated:</p> <p>Date Environmental Category confirmed as B:</p> <p>If the answer to any of the questions of 11 is yes, then a project is under EA category B and ESIA and ESMP are required.</p>
D) For Sub-Projects of Category “B”	
<p>What design alternatives have been considered and what measures are suggested to prevent, minimize, mitigate, or compensate for adverse impacts?</p>	
<p>What lessons from the previous similar projects have been incorporated into the design?</p>	

Project Title:	
<p>Have concerned communities been involved yet?</p> <p>If so, have their interests and knowledge been adequately taken into consideration?</p>	
E) Conclusions	
<p>Conclusion of the environmental screening:</p> <p>Project is declined <input type="checkbox"/></p>	<p>Project is accepted <input type="checkbox"/></p>
<p>Project is classified as category B: <input type="checkbox"/></p> <p>Project is classified as category C: <input type="checkbox"/></p>	
<p>If accepted as category “B”, project preparation requires:</p> <ul style="list-style-type: none"> • ESIA/ESMP: <input type="checkbox"/> • The following land documents: <input type="checkbox"/> <p>_____</p>	
<p>If accepted as category “C”, project preparation requires:</p> <ul style="list-style-type: none"> • Application of applicable environmental matrix _____ <input type="checkbox"/> • Standard contractor clause: _____ <input type="checkbox"/> 	
Comments of Environmental and Social Officer (ESO):	
<p>Name:</p> <p>Title:</p> <p>Signature:</p> <p>Date:</p>	

Project Title:

Comments of Ministry of Finance PC:

Name:

Title:

Signature:

Date:

Chart 2: Environmental Categories Screening Chart

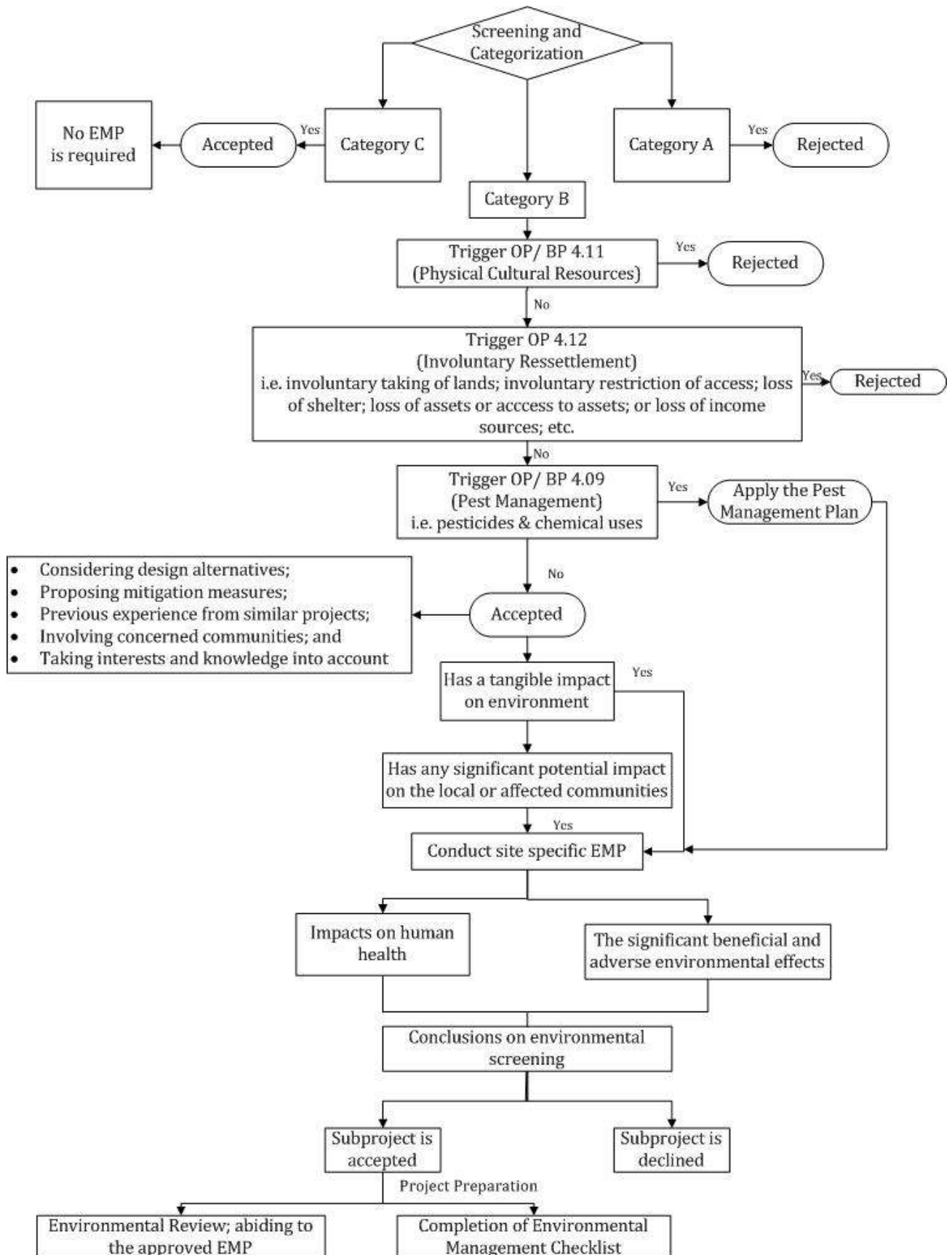


Table 3: Social and Cultural Resource Screening of Subprojects

Social safeguards screening information		Yes	No
1	Will the project reduce other people’s access to their economic resources, such as land, pasture, water, public services or other resources that they depend on?		
2	Will the project result in resettlement of individuals or families or require the acquisition of land (public or private, temporarily or permanently) for its development? Land taking includes displacement of people lacking legal land title (squatters/none title holders of lands)		
3	Will the project result in the temporary or permanent loss of crops, fruit trees, etc.?		
4	Will the project result in the temporary or permanent loss of household infrastructure (such as granaries, outside toilets and kitchens, etc.)?		
If the answer to any of the above question is “Yes”, then OP/BP 4.12 Involuntary Resettlement is applicable and the project is rejected.			
If the Answer for all the above is "No", please answer the following questions;			
Required Documentation		Yes	No
4	Is the information related to the affiliation and ownership status of the project site available and verifiable?		
5	If there is voluntary land donation, is documentation provided and have the World Bank procedure been followed as outlined in the ESMF (section 4.2.4-Box1)? ²		
Cultural resources safeguard screening information		Yes	No
6	Will the project require excavation near any historical, archaeological or cultural heritage site? Will the project require renovations of historical buildings sites?		
If answer to question 6 is “Yes”, then OP/BP 4.11 Physical Cultural Resources is triggered and the project is rejected. Note: In any case and for the accepted subprojects under F4J possible chance finds (section 4.2.2) must be considered in accordance with OP 4.11 and relevant procedures provided in the ESMF .			

²In addition, MoF needs to ensure that land given for the project as voluntary land donation was not done through coercion.

Chart 3: Social Safeguard Screening Chart

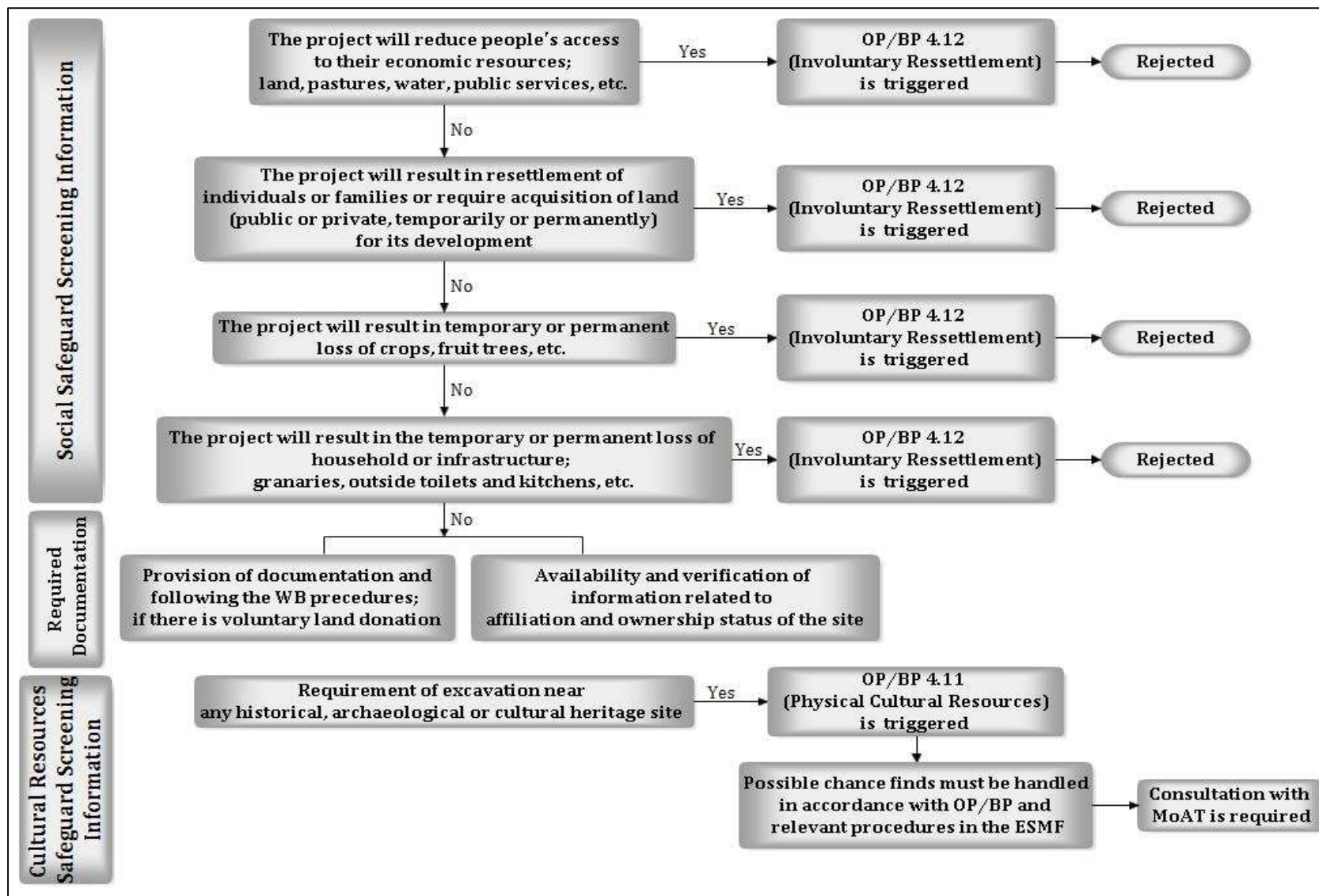


Table 4: Environmental Management Checklist for Construction Projects

Proponent:					
Project Name:.....					
Date:.....					
Impact to check		Yes	No	Remarks	Safeguards/ Mitigation measures carried on
1	Noise/alarm generation				
2	Dust spreading out				
3	Odor emission				
4	Traffic problems (hindering, detours, closure etc.)				
5	Solid Waste Services problems				
6	Sewerage Services problems				
7	Water Services problems				
8	Green cover negatively affected				
9	Pedestrians' safety endangered				
10	Electricity services problems				
11	Landscape / aesthetic element/s deteriorated				
12	Natural Resources negatively affected				
13	Biodiversity and Wildlife threatened				
14	Recreational sites negatively affected				
15	Heritage and archaeological sites negatively affected				
16	Agricultural activities negatively affected				
17	Industrial utilities negatively affected				
18	Workers safety and health considered				
19	Workers commitment to OHS (vests, gloves, Heavy Duty wearing apparel etc.)				
20	Working machines suitability				
21	Additional Impact(please add it)				
22. Comments:					
23. Recommendations:					

Proponent:
Project Name:.....
Date:.....

Environmental and Social Officer (ESO) Signature.....
Date.....

3.4 Project Implementation

Environmental and social monitoring will be an integral part of the PIA supervisory work in the course of the project implementation. The PIA including the Environmental and Social Officer and Project Coordinator, will be responsible to ensure that project proponents and contractors are familiar with ESIA/ESMPs and on the compliance with the plan. The concerned proponent and PIA will conduct regular on-site monitoring of works to verify adherence to the requirements set out in the ESMP.

Chart 4 depicts the F4J Project Implementation stages, monitoring and reporting.

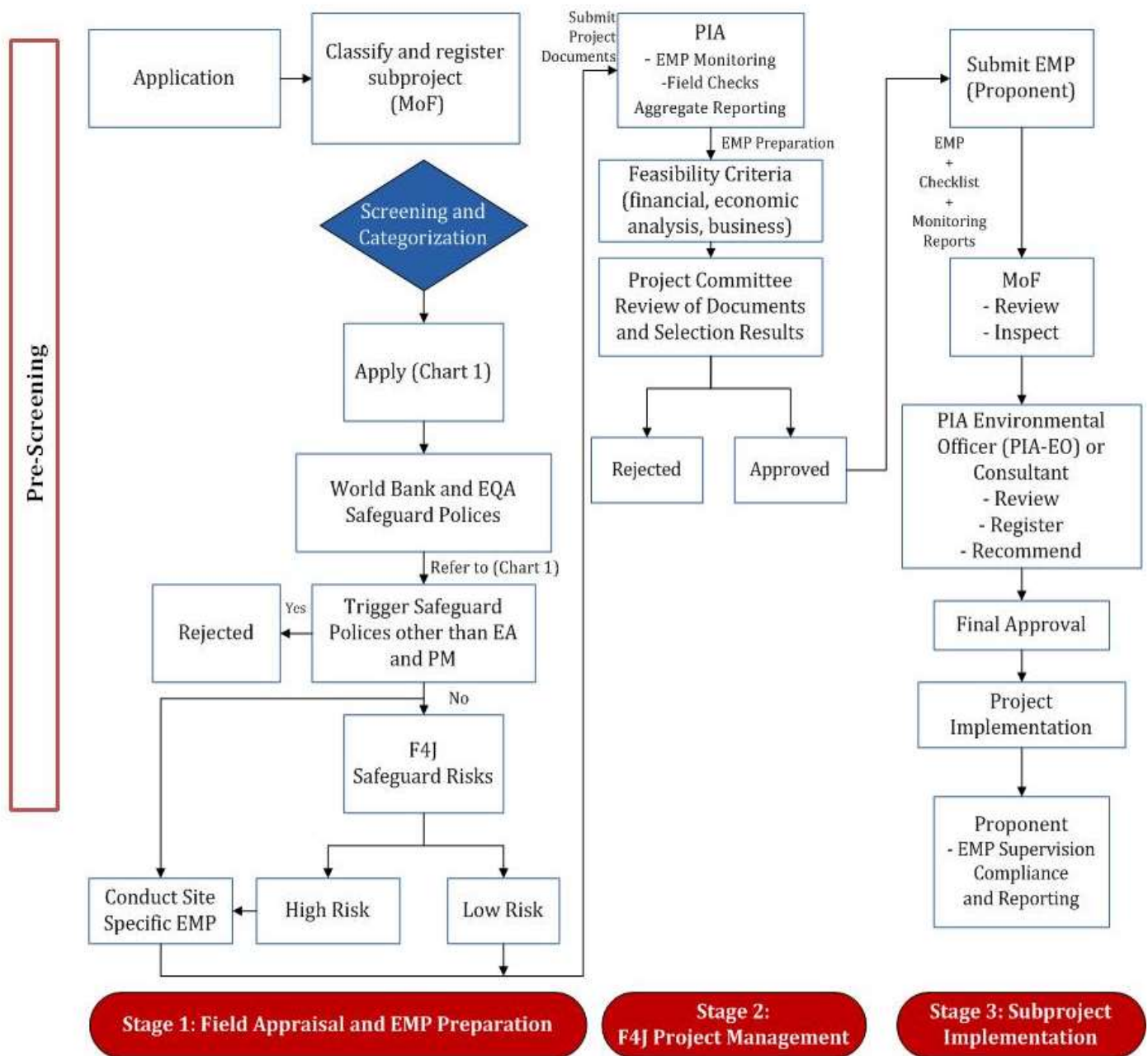
The project-specific ESIA/ESMP is to be prepared for accepted projects of category B and shall be included in the bidding document, so that potential proponents are aware of environmental and social performance standards expected from them and is able to reflect that in their bids.

The ESMP becomes an essential part of a works contract upon its conclusion and their implementation is mandatory. The proponent, as an owner of the works, will be responsible for enforcing compliance with the terms of the contract, including adherence to the ESMF.

Detailed presentation of the status of environmental and social performance under the F4J project cycle will be included in the progress reports during its implementation. Reports will present overview of deviations/violations of the ESMP encountered over the reporting period including instructions given for addressing incompliance and identified issues, and follow-up actions on the revealed outstanding matters.

The following chapter 4 provides guidelines for the assessment of the potential environmental and social impacts of the potential projects and the preparation of the ESIA/ESMP. These are to be prepared by the applying companies, enterprises, etc. (project proponent). The PIA is to provide guidance in this regard.

Chart 4: Project Implementation Chart



4. ENVIRONMENTAL ASSESSMENT AND PREPARATION OF ESMP

4.1 Introduction

F4J includes activities that mainly have positive environmental and social impacts such as awareness programs and capacity building. It is to exclude EA Category A projects and only to include EA Categories B and C. Yet, negative impacts might occur for B projects and during the construction and operation phases such as dust, noise, safety hazards, restriction to access, etc. The ESMF is to cater these negative impacts and provides the framework for the subproject ESIA and ESMPs in case these are to be prepared for EA category B projects.

Some of the negative impacts as a result of subprojects that may be financed by F4J are provided in the Environmental Matrices (EMs) given from **Table 4** to **Table 11**.

To mitigate these negative impacts, an ESIA and ESMP will be prepared for each approved subproject of Category B, as required. It is recommended to use the EMs for listing overall main environmental and social impacts. The EM lists the expected environmental and social impacts and indicates whether the impact is positive, negative or neutral.

4.2 Examples of EM

The F4J project sectors include, among others, agricultural services, IT and digital entrepreneurship; tourism; construction; and energy. The EMs can be prepared and modified after detailed information of the projects are provided.

Other assessment concerns are: (i) positive and ‘no-impact’ categories could degenerate to negative if caution is not exercised; and (ii) these impacts are often ‘site-specific’, which should be taken into consideration.

Table 5 is an example of an EM of agricultural services projects. These projects have mostly positive impacts, but will affect soil and surface and groundwater quality. Therefore, protection of surface and groundwater in addition to the soil are required to mitigate these impacts. In case pesticides and fertilizers are applied, then the World Bank Pest Management Procedure has to be applied (**Annex IV**).

Construction projects will result noise and dust emission. The gases that will be emitted will affect the air quality. Accidental risks and workers health and safety are also triggered by construction projects. The water courses and the drainage systems might be impacted.

Table 6 is an EM for alternative energy (solar) projects, which is an example of the eligible energy projects that are accepted by F5J. The table indicates that the energy projects almost have more positive impacts than negative, but this does not mean that

the overall assessment of the project is neutral. Further details are required to judge each subproject.

Table 7 presents the EM for access roads improvement and upgrading projects. It is important to note that if rehabilitation works interfere with existing public or private roads, the contractor shall construct diversion ways wherever possible. However, the contractor will need to confirm that any access or diversion road is not constructed on private land.

Table 5: Environmental and Social Impacts for Agricultural Services Projects

No.	Environmental and Social Component	Impact		
		Positive	No Impact	Negative
1	Air Quality		X	
2	Groundwater Quality			X
3	Community Water Supply			X
4	Public Health and Services	X		
5	Workers' Health and Safety			X
6	Noise Reduction		X	
7	Cultural Heritage		X	
8	Socio-Economic	X		
9	Watercourses and Wadis			X
10	Biodiversity			X
11	Soil Contamination			X
12	Use of Pesticides and Fertilizers (apply PMP guidance)			X

Table 6: Main Environmental and Social Impacts for Alternative Energy (Solar) Projects

No.	Environmental and Social Component	Impact		
		Positive	No Impact	Negative
1	Air Quality		X	
2	Groundwater Quality		X	
3	Community Water Supply	X		
4	Public Health and Services	X		
5	Workers Health and Safety			X
6	Noise and Dust Reduction		X	
7	Cultural and Heritage		X	
8	Socio-economic	X		

9	Water Courses and Wadis		X	
10	Biodiversity		X	
11	Soil		X	

Mitigation measures should be considered for the negative impacts. In addition, the impacts have different weighting factors in regard of their importance, which need to be considered in the assessment.

Table 7: Main Environmental and Social Impacts for Access Roads Improvement and Upgrading Projects

No.	Environmental and Social Component	Impact		
		Positive	No Impact	Negative
1	Air Quality and Gas Emission			X
2	Groundwater Quality			X
3	Community Water Supply		X	
4	Public Health and Services	X		
5	Workers Health and Public Safety			X
6	Noise Reduction			X
7	Cultural Heritage		X	
8	Socio-Economic	X		
9	Accidental Risks			X
10	Water Course sand Wadis			X
11	Biodiversity		X	
12	Aesthetic	X		

Table 8: Environmental and Social Impacts due to Construction Industry Projects

No.	Environmental and Social Component	Impact		
		Positive	No Impact	Negative
1	Air Quality			X
2	Groundwater Quality		X	
3	Community Water Supply			X
4	Public Health and Services	X		
5	Workers' Health and Safety		X	
6	Dust and Noise Reduction			X
8	Socio-economic	X		
9	Watercourses and Wadis			X
10	Biodiversity		X	

11	Aesthetic	X		
12	Waste Reduction			X

Table 8 is the EM for the Construction Industry projects. It can be seen that they have mostly positive and neutral impacts, but will increase the construction wastes and produce noise and dust during construction. Therefore, management of the impacts and construction wastes, reduction measures of noise and dust are required to mitigate these impacts.

Table 9, Table 10, and **Table 11** are the EMs listing the potential environmental and social impacts for IT and digital entrepreneurship projects, tourism related projects, and small projects (handicrafts, shoes, and furniture) respectively.

Table 9: Environmental and Social Impacts due to IT and Digital Entrepreneurship Projects

No.	Environmental and Social Component	Impact		
		Positive	No Impact	Negative
1	Air Quality and Gas emission		X	
2	Groundwater Quality		X	
3	Community Water Supply	X		
4	Public Health and Services	X		
5	Workers Health and Safety			X
6	Noise Reduction		X	
7	Cultural and Heritage		X	
8	Socio-economic	X		
9	Accidental risks			X
10	Water Course sand Wadis		X	
11	Biodiversity		X	
12	Aesthetic		X	
14	Power Supply			X

Table 10: Environmental and Social Impacts due to Tourism-Related Projects

No.	Environmental Component	Impact		
		Positive	No Impact	Negative
1	Air Quality and Gas Emissions			X
2	Groundwater Quality		X	
3	Community Water Supply			X

4	Public Health and Services			X
5	Workers Health and Safety			X
6	Noise Reduction			X
8	Socio-economic	X		
9	Accidental risks			X
10	Water Courses and Wadis		X	
13	Waste Reduction			X
14	Traffic			X

Table 11: Environmental and Social Impacts due to Handicrafts, Shoes, and Furniture Projects

No.	Environmental Component	Impact		
		Positive	No Impact	Negative
1	Air Quality and Gas emission			X
3	Community Water Supply		X	
4	Public Health and Services	X		
5	Workers Health and Safety	X		
6	Noise Reduction		X	
7	Cultural and Heritage	X		
8	Socio-economic	X		
9	Accidental risks			X
12	Aesthetic		X	
13	Waste Reduction			X
14	Traffic			X

Both construction and operational phases of the project cycle involve activities that can be associated with impacts on the surrounding environment and society, which need to be closely monitored. Monitoring responsibilities have to be clear and the monitoring plan has to define who does what, when, where, why and at what costs. The contractor, for example, might have responsibilities during the construction phase and liability period. The project owner will have the responsibility for monitoring the contractor compliance, while the PIA and the Environmental and Social Officer (ESO) have the responsibility to ensure overall compliance during the construction and operational phases of the subprojects.

Table 12 is an example of project activities identifying potential impacts on the significant environmental and social issues during construction, while **Table 13** lists the project activities and potential impacts during the operational phase of the projects.

The Contractor shall be responsible to comply with the project specific ESMP, which is to be prepared and attached as one of the F4J subproject documents among the other bidding documents and contracts. He is also to abide to the chance-find protocol (**section 4.2.2**) during implementation and to the coordination with archeological departments (MoTA) or any other department (EQA), when and where required.

Based on experience in previous projects there are typical concerns during operation of the subprojects; the contractor and the PIA shall be aware of, these include:

- Availability of functioning and maintained sanitation facilities; this is to be assessed during appraisal of the subprojects.
- Improper disposal of municipal wastewater; (e.g. establishments may dispose of their wastewater in percolation pits without conducting an assessment of the surrounding environment). It is important to assess its sensitivity and accordingly whether there are potential environmental and/or public health risks.
- Improper management of generated solid wastes. This usually results in the accumulation of the waste on or around the project premises/area. This is considered failure of implementation of the ESMPs. A provision about proper handling, transport, and disposal of solid waste shall be included in the ESMP.

Table 12: Project Activities and Potential Impacts during Construction Phase of Subprojects

Project Construction Activities	Significant Environmental and Social Issues				
	Socio-economic Conditions	Cultural/Historical Resources	Air Quality	Water Resources	Agricultural Resources
Demolition		X	X		
Removal of Existing Infrastructure	X	X			
Heavy Machinery Operation	X	X	X	X	
Construction of Infrastructure	X	X	X	X	
Excavations and Earthwork	X	X	X	X	X
Construction of Buildings and Facilities	X	X	X		
Material Procurement	X				

Project Construction Activities	Significant Environmental and Social Issues				
	Socio-economic Conditions	Cultural/Historical Resources	Air Quality	Water Resources	Agricultural Resources
Waste Disposal (solid, liquid, hazardous, etc.)	X		X	X	X
Wastewater Disposal	X		X	X	X
Transportation	X	X	X	X	
Accidents and Unplanned Events		X	X	X	X

Table 13: Project Activities and Potential Impacts during Operational Phase of Subprojects

Project Construction Activities	Significant Environmental and Social Issues				
	Socio-economic Conditions	Cultural/ Historical Resources	Air Quality	Water Resources	Agricultural Resources
Transportation	X		X	X	
Power Generation	X		X	X	
Water Supply				X	
Solid Waste Collection and Disposal	X		X	X	X
Wastewater Collection and Disposal	X		X	X	X
Educational Training		X			X
Production and Investments	X				X
Landscape Irrigation	X			X	X
Accident and Unplanned Events	X	X	X	X	X

5. PUBLIC CONSULTATION AND COMPLAINTS MECHANISM

5.1 Laws and Regulations relating to Community Participation

The PEAP has referred to the stakeholder (any person in his natural or legal capacity with an interest in or affected by a development activity) consultation in the project EA cycle:

The Environmental Impact Assessment (ESIA) Report: PEAP stated that the stakeholder consultation is mandatory when undertaking an ESIA. In consultation with the proponent and the EA Committee, EQA determines what the minimum requirement for stakeholder consultation should be. It may be required during scoping and ToR preparation, and during the conduction of the ESIA.

At the minimum, the proponent must meet with the principal stakeholders to inform them about the proposed project and to solicit their views about it. More problematic projects should involve more extensive consultations. The methods and results of these consultations must be documented in the ESIA Report.

5.2 Environmental and Social Consultation

Three stakeholder consultation (Focus Group) sessions were organized on July 9, July 30, and August 5, 2015 (**Annex VIII**). The consultations provided feedback on the F4J design and components, as well as on the ESMF. The consultations were conducted by the World Bank Group (WBG) and MoF team in addition to the environmental consultant.

Participants included a diverse set of stakeholders such as Chambers of Commerce, Business forums, enterprises, EQA, MoL, and representatives of the private sector. More than 60 people attended the three different consultations including considerable number of women. Introduction of F4J were prepared and presented during the sessions.

The consultations were interactive and were highly appreciated by the attendants as they were given the opportunity to contribute to the design of the project and to learn more about the World Bank and EQA Environmental and Social Safeguards.

The proposed coordinated and PPP approach to project's implementation was welcomed especially that it maximizes the impact of the F4J subprojects on the labor market and job creation. The consultations gave examples of how integrated activities can be designed. Detailed minutes and comments of the consultations are summarized and annexed (**Annex VIII**).

The participants acknowledged the consideration of the environmental and social safeguards, but did not raise major concerns regarding the ESMF. The site specific ESIA/ESMPs that will be prepared for the F4J subprojects are to address the

concerns that were raised in the consultations. The ESIA/ESMPs are to be disclosed in English and Arabic (executive summary) on the MoF website.

5.3 Grievance Redressal Mechanism

The right of the public to complain or grievance has been confirmed by the Grievance and Complaints bylaw that has been approved by the Ministerial Cabinet on 9/3/2005 and that has been updated on 8/3/2009. The Bylaw has regulated the means and tools to settle the complaints of the public and has stated the policies for the improvement of the performance of the Palestinian Ministries and Authorities and other NGOs.

This means that the citizens and beneficiaries of F4J can raise their complaints anytime during the construction and operation of the project and that their complaints must be settled.

The appropriate partner for the implementation of the Grievance and Redressal Mechanism (GRM) is MoF, which is responsible for working with related institutions and assisting with implementation of the GRM. It advises people on their rights and GRM process throughout the period of project implementation.

5.4 Complaints' Mechanism

Contact Person to Respond to Complaints: The MoF will be the main contact to receive complaints. The PIA, contracted by MoF, will manage the GRM. In particular, the ESO of the PIA will be responsible for assisting the MoF by managing and responding to the complaints. For urgent issues, the PIA will notify the MoF and the Bank immediately. Otherwise, the PIA will provide the complaints log as part of its monthly reporting to the MoF and Bank.

Public Awareness of where to Address Complaints: The complaints mechanism will be advertised widely through promotional materials (website and brochures) as well as in project documents.

Timely Response: Irrespective of whether MoF is responding to complaints, an initial response that acknowledges receipt of the complaint will be made within one week and a final response will be provided within two weeks after receiving the complaint. For issues that require longer response time, more time will be granted. However, this time should not exceed one month.

Log of Complaints: The complaints received will be recorded in a log, which details information such as: (1) the date the complaint was received, (2) the date on which the complaint was responded to, (3) reason for the complaint, (4) how the complaint was resolved, (5) when it was resolved, etc.

Inclusion in Bidding Documents: The bidding document prepared for each sub-project will require both sponsors/operators and contractors, to prepare a GRM consistent with safeguard requirements as detailed in this ESMF.

5.5 World Bank Performance Standard on Labor and Working Conditions

Annex IX is the World Bank Performance Standard on Labor and Working Conditions that have to be applied (Performance Standard 2 – Labor and Working Conditions (PS2)). The Performance Standard 2 recognizes that the pursuit of economic growth through Employment creation and income generation should be accompanied by protection of the fundamental rights of workers. The requirements set out in this Performance Standard have been in part guided by a number of international conventions and instruments, including those of the International Labour Organization (ILO) and the United Nations (UN).

The applicability of PS2 is established during the environmental and social risks and impacts identification process. The scope of application of PS2 depends on the type of Employment relationship between the client and the worker. It applies to workers directly engaged by the client (direct workers), workers engaged through third parties to perform work related to core business processes of the project for a substantial duration (contracted workers), as well as workers engaged by the client's primary suppliers (supply chain workers).

6. ENVIRONMENTAL AND SOCIAL MONITORING AND CAPACITY BUILDING

6.1 Environmental and Social Monitoring Guidance

A system for environmental and social monitoring and reporting for subprojects to be financed in F4J2 and beyond will be further developed by the ESO during F4J1. These specifics will depend on the final institutional arrangements decided between the MoF, the PIA (including the ESO), the sub-project proponents, and the local EQA officials. However, these principles are to be incorporated in F4J SOP environmental and social monitoring and reporting, as follows:

- The ESO, with the sub-project proponent, will conduct at least one site visit for each proposed sub-project, in order to “ground-truth” the environmental screening and classification form. A paragraph on this visit is to be written, with subproject visit date, participants, visit specifics covered, photos, names of beneficiaries interviewed, conclusions and recommendations, etc.
- Similarly, the ESO with the sub-project proponent, will conduct at least one site visit for each accepted sub-project, in order to give relevant advice on the expected design, structure, and content of the ESIA/ESMP. A paragraph on this visit is to be written, with subproject visit date, participants, visit specifics covered, photos, names of beneficiaries interviewed, conclusions and recommendations, etc.
- The ESO safeguards specialists will hold workshops for F4J2 project screening and design as part of F4J1, starting as soon as possible during FJ1 implementation.
- PIA Quarterly Progress Reports (QPRs) and interim reports (on safeguards trainings, capacity building, and site visits) should be shared with MoF and the World Bank. The QPR should include detailed information on each workshop conducted, including:
 - The date and place of the workshop;
 - The agenda of the workshop, i.e. what topics were covered;
 - The names, titles, and municipality for each person in attendance. It is suggested that there be a “sign-in sheet” that can then be scanned and inserted directly into the QPR.
 - The names and titles of those who led the workshop;
 - Any observations about: what topics need to be covered next, any interesting topics/subjects that came up during the discussions; any good practices shared by municipalities which should be followed up on and incorporated into future workshops.

- The construction-phase site monitoring form can be found in Annex V. 100% compliance is defined to be at least one completed form for each month that sub-project is in its construction phase;
- The PIA ESO and the local EQA official will conduct one joint site visit per month in order to jointly report on safeguards compliance with both national and World Bank environmental and social safeguards policies.

6.2 Monitoring, Evaluation, and Reporting Responsibilities

The flow of monitoring proceeds as follows in **Table 14**:

Table 14: F4J Monitoring, Evaluating, and Reporting Framework

Type of Monitoring	From Whom to Whom	Description
Constant monitoring	Between PIA/ESO and sub-project proponent site engineering staff	The PIA ESO and the sub-project proponent staff responsible for safeguards compliance will be interacting on a day-to-day basis.
Monthly monitoring reports	From sub-project to ESO	The sub-project proponent will submit a monthly progress report to the PIA through the ESO. This report will necessarily address environmental and social issues relevant to the sub-project, and specifically focus on those issues relevant to safeguards policies
Monthly monitoring reports	From PIA to MoF	The PIA ESO will submit monthly monitoring reports to the MoF as part of a consolidation of PIA reporting. The structure and content of these reports, interim to the Quarterly Progress Reports (QPRs), will be finalized between PIA and MoF.
Quarterly Progress Reports (QPRs)	From PIA to MoF, From MoF to World Bank	The PIA will submit a QPR to the MoF, and the MoF is to quality-check and formally submit this report to the World Bank. Elements of contents of this report are explained in Section 7.1 and Annex V.

6.3 Capacity Building Requirements

The successful approach to safeguards implemented under F4J will be maintained. Project officers are to attend capacity building programs that will ensure accumulated a sound knowledge in the World Bank and EQA safeguard policies. The MoF will appoint and/or consult an Environmental and Social Officer (ESO) to assist PIA to monitor environmental safeguards issues.

The PIA shall be responsible for monitoring and compliance with the environmental and social policies and requirements. It will have the responsibility of reviewing and

assessing the ESIA/ESMPs of the subprojects. Full time Project Officer (PO) and ESO shall be appointed by the PIA. The PIA, PO, and the ESO shall receive additional environment and social specific training.

Among the other subjects that the training and capacity building in the F4J SOPs shall cover are:

- Environmental and social screening;
- Preparation of ESIA/ESMPs,
- Implementation of ESMPs; construction and operational phases,
- Occupational health and safety (OHS),
- Environmental and social monitoring and reporting.

The capacity building and training shall also invite officers of the MoF, interested private sector parties, and other stakeholders; an interesting subject for the stakeholders would be environmental monitoring and reporting.

Specifically, the ESO in coordination with the MoF will:

- Screen and review all proposed projects in order to identify any that may carry the risk of adverse environmental and social impacts;
- Assign a category to each project in accordance with the Environmental safeguard policies of the World Bank and EQA;
- Support private sector entities in designing ESIA/ESMP for the projects that are classified under Category “B” with the aim of demonstrating proposed monitoring activities that encompass all major impacts and identify how they will be integrated into project supervision;
- Hold field visits to project sites to ensure compliance with the environmental and social safeguard procedures.

6.4 Capacity Building Good Practices

Capacity building good practices and coordination between the PIA and EQA go hand-in-hand. The best learning is that in the field and during the course of during work. To this end, it has been suggested that:

All QPRs and PIA interim reports (on safeguards trainings, capacity building, and site visits) should be shared with EQA. Sharing of these reports will allow EQA to learn from how F4J/PIA is documenting its work; there is no expectation that formal comments will be sent or received on these reports.

The PIA/ESO and EQA should conduct one site visit together per month. When this is to be an EQA construction monitoring visit, EQA will “host” the visit and will work with the sub-project proponent site engineer, with the ESO is an observer. And

vice versa. This ensures that each the PIA and the EQA learns from the other's process of working in the field;

Within each six month time period, PIA and EQA together will design and lead one or more workshops, to cover all of the sub-projects for which it is responsible, on the topic of construction-phase site supervision, monitoring, and recording. PIA will hold the first workshop, which EQA safeguards staff will attend, so that EQA can learn from the PIA ESO's delivery of the workshop. Then the EQA will design and co-host its workshops, which the F4J project will fund, and the PIA ESO will co-host.

The content of these workshops should be based on similar "sub-project stories", i.e. sub-projects with similar sector specificities, which also have interesting environmental and social safeguards issues to share and to learn from. The workshop should work outward from

- actual sub-project specific examples (i.e. on-the-ground technical substance);
- to explaining how to work with the F4J forms (i.e. technical guidance);
- to applicable Palestinian environmental laws and regulations (i.e. project compliance).

Once construction is fully underway, it is suggested that sub-project proponent site engineers be asked to present their own "sub-project stories" in terms of telling about a sub-project, relevant safeguards issues and how they were solved, and lessons for others, so that there is "peer-to-peer teaching and learning", guided by the PIA and EQA. Discussion of these stories should be the core of these workshops.

When conducting site visits with the municipal site engineer responsible for environmental and social safeguards, the PIA ESO or EQA should ask the sub-project proponent site engineer to lead the conversations with any on-site construction workers and/or impacted neighbors. This reinforces the confidence, capacity, and authority of that site engineer; a discussion of how these conversations can be improved should be held immediately after these site visits.

6.5 Financial Implications

Any cost implications relevant to the development/training will be recorded and will be financed from the F4J budget. The mitigation measures and the associated costs will become part of the ESMP for the project which will be monitored during the implementation. **Table 15** shows a provision of the proposed training that is seen to be held for the different levels during the F4J1 project implementation.

Table 15 : FJ4 Proposed Safeguards Training Sessions

Target Group	Workshop/ Training Sessions	Costs US \$
Coordinators and Project Officers (PIA, ESO, etc.)	<ul style="list-style-type: none"> - Training session on environmental and social screening forms. - Training session on planning and design of ESIA/ESMPs. 	14,000
Beneficiaries and Stakeholders	<ul style="list-style-type: none"> - Consultation sessions on potential environmental and social impacts of sub-projects. 	18,000
Project proponents	<ul style="list-style-type: none"> - Training session on environmental and social screening forms. - Training session on planning and design of ESIA/ESMPs. - The design and implementation of mitigation measures. - Occupational health and safety guidelines. 	18,000
Sub Total (US \$)		50,000
ESO Salaries		40,000
Total (US \$)		90,000

In addition to the US\$ 50,000 for training, US\$ 36,000 is to be made available to pay the ESO at US\$ 3,000 per month including social charges and taxes.

7. ANNEXES

Annex I:	The ESMF Terms of Reference
Annex II:	The ToR for the PIA
Annex III:	Chance Find Procedures
Annex IV:	Pest Management Procedure
Annex V:	Sample Management Plan
Annex VI:	Sample Safeguard Monitoring Reports
Annex VII:	Environmental Requirements for Contractors
Annex VIII:	Summary of Public Consultations
Annex IX:	World Bank Performance Standard on Labor and Working Conditions

Annex I: The ESMF Terms of Reference

**Palestinian Authority
Ministry of Finance (MoF)**

**Finance for Jobs (F4J)
Terms of Reference (ToR) for an**

Environmental and Social Management Framework (ESMF)

INTRODUCTION AND BACKGROUND

Private sector led growth is central to the socio-economic future of the West Bank and Gaza. The F4J project seeks to address selected constraints highlighted in consultations with stakeholders and in analysis conducted by the World Bank Group that are seen have significant impact on firm performance and the generation of job opportunities in sectors with more favorable prospects for private investment. These issues include: investment financing including a lack of high risk/early stage capital and a mismatch of skills between those demanded by the private sector and those possessed by graduates, including contributory low levels of investment in training and business upgrading. There is also a wide-range of investment climate constraints, although many of the more distortionary are beyond the PA to correct. Where realistic and complementary to the project's overall PDO and core activities, support will be considered to address those constraints affecting the targeted sectors.

This project would represent the first of a potential “Series of Projects” (SOP). In a SOP programmatic approach, a series of two or more projects are designed for implementation over time, building on lessons learned and achievements from previous project(s) in the series. A programmatic framework would allow for the significant capacity building and learning dimensions that are integral to the objectives of the F4J to be achieved and by taking a step-wise approach ensure that key risks entailed in the project objective are mitigated. Given the unique constraints facing the Palestinian economy and the limited results from existing interventions in support of private investment and job outcomes, this project will be framed as an innovation and learning initiative entailing high risks and potentially significant development returns.

The introduction of new financing instruments will commence under this first project with the piloting of a Development Impact Bond (DIB). Based on outcomes of market readiness and capacity building efforts, subsequent projects in the SOP could entail further DIB activity and/or the introduction also of alternative financing instruments such as “viability gap financing” to help address specific market failures that are curtailing private investment initiatives, expanded deployment of guarantee instruments and/or support to start-up equity facilities, depending on the prospective pipeline of job-creating private investments. The project will thus comprise three main components: (i) targeted financing through the deployment of a DIB to support skills development amongst youth; (ii) capacity building to support the entrepreneurship ecosystem, build a pipeline of job-

focused PPP investments, and enhance the ability of the Palestinian Authority to utilize innovative financing instruments; and (iii) project management, monitoring and evaluation (M&E) and technical services. These components and related subcomponents are summarized below and described further in the annexes.

1. F4J Objectives

The proposed key performance indicators (KPIs) at the PDO level for this first proposed project include: (i) training and job outcomes related to the deployment of a Development Impact Bond; (ii) enhanced capacity of public and private sectors to deploy innovative financing instruments.

2. F4J Components

Component 1: Development Impact Bond for Skills Development and Training (US\$ 3.5 million)

This component will focus on enhancing the skills of the Palestinian workforce; specifically youth aged 18 to 29 years, to meet private sector demand in support of job outcomes. Project preparation work has revealed that despite the large amounts donor funds invested in the skills development sector (to the tune of US \$140m since 2001), there continue to be significant mismatches between the training that institutions in the West Bank and Gaza provide and what the private sector needs. Training institutions have traditionally emphasized academic and rote learning, rather than the practical, technical, and soft skills demanded by the private sector.

This work will be financed by a Development Impact Bond (DIB), risk capital that only receives a return if targeted outcomes are achieved (further details below and in the Annexes). The component will be approached using two phases: (i) capacity building to prepare the market for the DIB including the structuring of the instrument and raising investor finance and (ii) the delivery of the DIB itself to ultimately train and Employ unemployed youth in the West Bank and Gaza.

Subcomponent 1.1: Phase I: Capacity Building and Public-Private Linkages for Skills DIB

In support of the DIB instrument, this first phase of the component will identify Palestinian institutions, training service providers, and private sector partners that could assist to close the skill gap in the market. This component would complement and build from the success of the World Bank's Education to Work Transition projects and other donor efforts in building capacity for service providers. This component will be supported by the IFC Education for Employment (E4E) initiative.

The capacity building would include activities such as the following:

- Supporting potential providers in developing training courses aligned with Employer needs,

- Preparing specifications for job portal enhancement,
- Working with education institutions to improve linkages to the private sector,
- Raising awareness of the DIB program amongst education institutions and Employers.

Subcomponent 1.2: Phase II: DIB Implementation and Delivery

The second phase would consist of the implementation DIB, including the delivery of training services and mechanisms to place unemployed graduates into jobs. It is envisaged that the DIB would support a portfolio of interventions, with the exact package of services for target beneficiaries depending on sector and individual needs:

- Soft skills training tailored to specific skill requirements identified by the Employer;
- Technical and Vocational training, particularly focused around trade skills but also including higher level technical and specialist occupations;
- Sector specific training, particularly for high skill graduate Employment opportunities;
- Internship/work placement support;
- English language training – particularly business and sector specific training;
- Entrepreneurship support, including business training and seed funding; and
- Mechanisms to link the number of individuals trained to Employers willing to offer internships or jobs, with a partial salary contribution possibly offered.

Overall the DIB will support outcomes focused on primarily three dimensions: (i) reducing the skill mismatch in sectors where there is demand for and supply of workers, but workers do not have the skills and experience demanded by the market due to a mismatch between training supply and private sector needs; (ii) increasing the supply of qualified workers in sectors where there is some limited existing opportunities in specific areas (e.g. IT); and (iii) promoting entrepreneurship through relevant training.

Component 2: Market Readiness and Capacity Building (US\$ 0.750 million)

Subcomponent 2.1: Entrepreneurship Ecosystem Support

While the innovation and entrepreneurship ecosystem in the Palestinian territories is nascent, it is currently gaining substantial momentum within the Palestinian private sector. Ranging from seed-stage accelerators, training boot-camps, entrepreneurship university courses, to the establishment of FDI and locally funded venture capital funds, expanding the segment of educated professionals who opt for income generation through entrepreneurship over the traditional job market, where Employment opportunities are slim. As a response to, and to capture the momentum of, the rapidly growing sector local and international institutional investors were quick to commit \$200M-\$300M in capital to invest in Palestinian startups and SMEs, mainly – but not exclusively – in the technology sector. In recent years, several donors have also funded entrepreneurship-support programs. However a clear gap remains between donor-provided support services and the

development of a steady stream of investment ready startups required to maintain the feasibility of venture and growth-capital funds. This resulted in significant locked up capital on the investor side, and non-sustainable entrepreneurship-support programs lacking a strong private sector orientation on the supply side.

In line with the overarching project development objective of mobilizing private investment towards the achievement of job outcomes, the proposed entrepreneurship support program aims to unlock the capital of VCs and growth capital funds (who often report weak demand and dry investment pipelines) by filling the post-accelerator funding gap through the development of angel investor groups and other forms of post-accelerator financing and mentorship, where venture capital and private equity investors typically would not engage. Key to the engagement of this stage of the investment cycle is partnership with private sector with a “committed investment”, to ensure sustainability and to avoid the replication of donor driven programs which lack private sector orientation and technical experience.

Subcomponent 2.2: Building a Pipeline of Job-Focused PPP Investments

The analysis conducted on the job\skills market reconfirms the very limited capacity for new Employment in the absence of new private sector investment. Fostering these investments will be a sine qua non for any significant improvement. Initial analysis suggests that investment opportunities do exist, even within the currently constrained environment of the occupation, including in agro-processing, IT and light manufacturing - particularly in the case of this last sub-sector via existing industrial park\facility locations. Given the social externalities of job creation, there is a public good case to be made for support to be provided to enable these projects to proceed. In order to assess these benefits and the social rate of return they provide in order then to determine the merits of financial support, detailed feasibility work is required. This component will establish a facility to finance these assessments and assist the PA and private sector to build a pipeline of job-focused PPP investments. Subject to the outcome of the due diligence, a subsequent project could put in place a Viability Gap Financing (VGF) instrument to cover these public good costs, allocated through a competitive process.

A preliminary assessment of some of the potential candidate projects that could merit more in-depth assessment through the project facility has been undertaken during project preparation. For example, of particular note is a potential solar power sub-project investment at the Gaza Industrial Park. Initial assessment of job creation impact, financial projections and technical requirements, suggest that this has high short-term potential and, in view of this, additional further feasibility work will be undertaken by the World Bank energy team. Should this subsequently prove both developmentally and commercially viable, consideration could be given under the F4J to provide complementary financing necessary to bring this initiative to commercial and financial close. Additional private investment opportunities for assessment will be considered, during the life of the project, based on a “first come - call for proposal” procedure and subject to availability of project funding.

Subcomponent 2.3: Capacity Building to the Palestinian Authority

There are many market failures confronting the PA as it seeks to address job priorities in what is a uniquely fragile and conflict-affected economy. These are highlighted in the recent Investment Climate Report “Fragmentation and Uncertainty”. Many of these failures lie beyond the control of the PA through traditional policy, legal and regulatory instruments, or at least these instruments offer only potential long-term solutions. To tackle the fragmentation and uncertainty, the PA needs to develop even stronger and closer partnerships with the private sector. More specifically, it requires more innovative approaches to risk-sharing between the public and private sectors in order to finance new job creating investments.

Effectively assessing social and economic returns and structuring financial arrangements that provide both private and public sector with a more manageable distribution of the different project risks that confront the investment choice in the West Bank\Gaza is a specialized expertise. As such it commands a premium market price and is something that governments generally recruit on an as required basis. Notwithstanding this, governments need to have the capacity to manage such externally provided expertise and follow through on recommendations as to financing in ways that ensure fiscal prudence, balance the incentives to avoid the distortions that can undermine the social gains targeted and ensure effective implementation, monitoring and evaluation of activities and outputs\outcome.

The capacity of the Ministry of Finance in respect of the additional responsibilities that come with assessing, developing and potentially managing innovative financing instruments will need to be significantly augmented. The project will – building on a core private sector implementation platform detailed in section C below – provide a package of capacity building support comprising inter alia technical assistance (TA), training (TRN), secondments, internships and placements (SIP) and essential facilities, equipment and software (FES). Critical to the success of this initiative will be the readiness of the Ministry of Finance, in terms of organizational and staffing arrangements, to effectively absorb this proposed capacity building package.

Component 3: Project Management (US\$ 0.750 million)

This component will support overall project implementation, including capacity building for the PIU and M&E. As detailed further below, to the maximum extent possible, the implementing agency and project implementation unit (PIU) will be recruited from the private sector (in conformity with World Bank guidelines) and will also provide oversight to sub-implementers of the project components (i.e. DIB, PPP pipeline development, Viability Gap Funding Facility). Particularly as the tracking of outcomes is critical to the DIB instrument, this component will also provide support to activities such as the building of a baseline, data collection, and outcomes measurement.

POTENTIAL F4J SUB-PROJECTS

According to initial analysis, the following sectors: **(i) agriculture; (ii) IT and digital entrepreneurship; (iii) tourism; (iv) construction; and (v) energy** have been identified as offering strong growth and job creation prospects, potentially generating around 40% of the jobs needed to reduce unemployment by 10% to 2030. While more than 20 sectors and sub-sectors were assessed, the five prioritized sectors have been selected because they have the greatest capacity and potential to maximize immediate and long-term opportunities and spur broader multiplier effects in other sectors and across the economy under the existing policy framework. In other words, sectors that offer not only maximum potential for growth and Employment but also greatest scope for private sector intervention and ownership under existing constraints. As such, they are supported for in the current ESMF. If additional sectors are to be financed, the ESMF will be revised and redisclosed.

Project Implementation Arrangements

The overall project implementation arrangements would entail three levels. At the apex is the Ministry of Finance as the formal PA Project Counterpart (PC) to the project. For the overall management of the project there would be a Project Implementation Agency (PIA) and a specialized Management team for the Development Impact Bond (DIB Manager – DM).

In addition to the PC, the PIA and the DM, there will be separate provider contracts generated for other activities to be undertaken under the project, namely for contracts for DIB services and capacity building and market readiness activities. Moreover, once the DIB process is launched a Special Purpose Vehicle (SPV) will need to be established by the private sector investors in the DIB. These different aspects of the overall project implementing arrangements are all explained further in the Annex, which includes a schemata of the proposed implementation arrangements.

Regarding the PIA: The PIA will be responsible for procurement, financial management, safeguards, M&E, including annual work planning and progress reporting and oversight of the IA Performance Contracts. The PIA will be staffed accordingly and report to the PC. A detailed TOR for the PIAU and different staff positions will be prepared and recruitment commence in advance of project approval in order to accelerate progress towards project start-up readiness. In addition this component will finance the independent specialist that will provide “third party” assessment of outcome achievements for payment purposes.

As noted earlier, to the maximum extent possible, PIA will be recruited from the private sector – with delegated decision making authority for funds allocation and disbursement in accordance with performance-based contracts to be signed with the PA and in conformity with World Bank procurement and grant guidelines. An independent external agent will also be recruited to provide assessments of outcome achievements on the basis

of which remunerations will be disbursed to the IAs. The following summarizes the main project functions of each of the parties referenced above:

Ministry of Finance: Key roles and responsibilities include:

- Project design and associated preparation work, including safeguard requirements;
- Stakeholder consultations and ongoing stakeholder coordination;
- Concluding Grant Agreement with the PIA;
- Funds transfer to the PIA and outcomes payments to the DIB Special Purpose Vehicle via the PIA
- Review and approval of Quarterly and Annual Work planning;
- Review and approval Quarterly Project Progress and Outcomes Reports.

Project Implementation Agent: Key roles and responsibilities include:

- Project procurement, including the DIB Manager;
- Financial management of project funds;
- Day-to-day project management, include work plan preparation;
- Technical Services – specifically for the investment pipeline and capacity building;
- Negotiation of the DIB with investors;
- Monitoring and Evaluation, including Progress Reporting.

DIB Manager: Key roles and responsibilities include:

- Design and Preparation of the DIB;
- Management of initial capacity building support to prospective DIB Service Providers;
- Management of the DIB Service Providers;
- Monitoring and Evaluation reporting on DIB implementation;
- DIB Services work planning and Progress and Outcome Reporting.

Special Purpose Vehicle: Key roles and responsibilities include:

- Mobilisation of DIB investors and management of investment funds;
- Procurement of the DIB service providers;
- Payment of the services delivered under the DIB from investor funds.

It should be noted that in the early phase of the project, prior to the establishment of the SPV, the PIA will be responsible for preparing, issuing and negotiating the RFP for the DM. The DM will be responsible for: (i) DIB Service Provider Capacity Building; (ii) DIB Design and Procurement; (iii) DIB Service Providers.

OBJECTIVES OF THE STUDY

The objective of the assignment is **to prepare an Environmental and Social Management Framework (ESMF)** for the proposed F4J project, the process of which will include the following:

- (i) **identify and describe in detail the nature and extent of environmental and social impacts** as a result of the potential sub-projects ‘positive list’;
- (ii) **establish an environmental and social screening checklist** for potential sub-projects;
- (iii) **propose mitigation measures for each category of sub-projects** to be considered as part of the evaluation of potential sub-projects as part of F4J;
- (iv) **prepare an assessment of environmental and social safeguards expertise** in the MoF and other relevant implementation parties, **as well as a capacity building plan** for the F4J project, including training, budget, and timetable; and
- (i) **carry out stakeholder consultations** with concerned stakeholders including the affected population and concerned government agencies and private sector organizations and take into account the recommendations obtained in such public consultations in the final recommendations of the review.

The ESMF must be prepared in compliance with World Bank safeguard policies for a Category B Project, as well as in compliance with environmental and social laws of the Palestinian Authority.

SCOPE OF WORK

Introduction and Background

The ESMF should review the information available in the previously-prepared safeguards documents and based on its own assessment shall prepare for Bank and PA review an ESMF that meets with the requirements of relevant PA Environmental Quality Authority (EQA) and other regulatory agencies, as well as World Bank policies and procedures. In particular, the ESMF should outline and address the possible aggregate impact of each category of potential F4J subprojects. The ESMF should also consider all the concerns expressed in public consultations or other means by people who may be affected by the project components.

Task 1: Relevant Background Information

Task 1 comprises at least the following activities:

- comparative assessment of the Palestinian national framework and the relevant World Bank Safeguards Policies;
- identification of any gaps between the national system and relevant Bank safeguards;
- description of how the national environmental regulatory system fits in the ESMF; and

- assessment of the environmental and socioeconomic baseline conditions of the potential project areas, especially key environmental and socioeconomic aspects which might be affected by project implementation.

Task 2: Environment and Social Clearance and Compliance Verification Procedure

Task 2 comprises at least the following activities:

- establishment of a screening mechanism for Environmental and Social safeguards requirements;
- impact assessment and mitigation framework for sub-categories of F4J projects which may require safeguards;
- compliance verification and approval process set-up for F4J.

Task 3: Environment and Social Clearance Toolkit

Task 3 might comprise a series of the following:

- a list of positively-identified possible subprojects divided into potential levels and particulars of impact;
- a list of prohibited activities under local and World Bank regulations; and
- an environmental and social screening format for F4J.

Task 4: Institutional Framework

A description of each institution or agency involved in environmental and social safeguards aspects, including a description of their role and their relationship one to another, for each of the following steps; screening, screening verification, ESIA/ESMP preparation, ESMP implementation, ESMP on-site monitoring, overall ESMF supervision and aggregate reporting, and annual auditing

Task 5: Capacity Building Plan

- the ‘what’, ‘who’, ‘when’, ‘how much’, and ‘why’ of who needs might benefit from additional support in order to implement, supervise and monitoring the ESMF, presumably to include municipal and governorate supervisory engineers, and MoF staff.

Task 5: Implementation Monitoring Plan

Task 5 might include the following:

- chance find procedures
- monitoring supervision
- annual performance assessment outline
- a plan for project environmental and social audits by an external independent agency
- data collection and compilation for Results Framework

- budget

Annex A: Stakeholder Consultations

As a preface to holding stakeholder consultations, the ESMF team will identify key stakeholders of the project. Stakeholder identification should address: (a) who are the stakeholders and what are their interests in the project components; (b) factors that may prevent any group of stakeholders from acting in terms of their interests; (c) possible sources of conflict between stakeholders; (d) relationship between stakeholders; possible consequences of conflicting interests among different stakeholders and solutions to increase their participation through all project components and the obstacles toward this participation during or after the project implementation. Accordingly the consultant will offer the recommendations to avoid any conflicts and organize the connection between all related parties.

As all subprojects will be categorized as either Environmental Category “B” or “C”, relevant stakeholder groups should be consulted once a draft ESMF has been prepared and a summary of the ESMF conclusions will, be made prior to the meeting. The draft ESMF should also be available in a public place accessible to affected groups and local NGOs. Relevant materials will be provided to affected groups in a timely manner prior to consultation and in a form and language that is understandable and accessible to the groups being consulted. The ESMF should maintain a record of the public consultation and the records should indicate: means other than consultations) eg, surveys) used to seek the views of affected stakeholders; the date and location of the consultation meetings, and other relevant documentation (e.g. photographs, videos, copies of public notification of the consultations).

Annex B: References

Documentation of all studies included in the final report including the World Bank studies and recommendations and other related organization.

Consultant Qualifications and Experience:

The ESMF consultant should have at minimum the following qualifications and background:

- A least ten years of experience working in the field of Palestinian environmental and social impact assessment;
- An example of one or more environmental and social impact frameworks (ESMFs) or ESIA/ESMPs involving sub-project screening and monitoring;
- Knowledge and experience with World Bank OP 4.01 Environment Assessment, as well some understanding of Safeguards Policy OP 4.12 on Involuntary Resettlement; and

- Ability and experience in conducting field visits as well as conducting stakeholder consultations.

Annex II: ToR for PIA

**Terms of Reference
Environmental and Social Safeguards Officer
For the Finance for Jobs (F4J) Project**

The Environmental Safeguards Officer team member of the PIA is expected to undertake the following main tasks:

- contributing to the preparation and execution of an overall F4J project monitoring and evaluation framework, which covers environmental and social safeguards monitoring, as well as medium-term results monitoring and evaluation in line with the F4J Results Framework outlined in the PAD and the OM;
- contributing to F4J monthly, quarterly, and annual progress report documentation;
- supporting the MoF in designing, facilitating, and documenting sub-project specific stakeholder consultations and formulating environmental safeguards and social specific annual work plans in agreement with Project legal documents;
- Screen, plan, prepare and support potential entities to implement subprojects in F4J;
- supporting the execution (including implementation, supervision, monitoring, and reporting) of F4J and sub-project safeguards instruments, including the Environmental and Social Management Framework (ESMF) and sub-project Environmental and Social Impact Assessments (ESIAs) and Environmental Management Plan (ESMPs), as applicable;
- supporting the implementation and reporting functions of the F4J Grievance Redress Mechanism specific to inquiries related to environmental and social aspects;
- delivering training and capacity building programs to relevant F4J participants on OP 4.01 Environmental Assessment; Social Risk issues; relevant Performance Standards; ESMF contents, implementation, and compliance; potential F4J sub-project screening, sub-project ESIA/ESMP preparation; sub-project construction- and operational-phase ESMP supervision and monitoring; and other subject matter as needed; and
- serving as a PIA liaison to the PA Environmental Quality Authority (EQA) as well as to the World Bank Group environmental safeguards team member assigned to F4J.

The PIA Environmental Safeguards Team Member would need to have:

- an advanced degree in social and environmental or related sciences; and at least 10 years of experience in environmental impact assessment, with 2 years in implementing ESMFs and ESMPs;
- demonstrated field experience in supervising and monitoring sub-projects; and
- experience in preparing and conducting environmental impact assessment training.

S/he will be familiar with the environmental safeguards policies of the World Bank and Palestinian Authority, and will be responsible to assess the extent of the project's compliance with its ESMF. Experience with work related to private sector infrastructure and working in the Palestinian Territories would be of advantage.

Annex III: Chance Find Procedures

Contracts for civil works involving excavations should normally incorporate procedures for dealing with situations in which buried physical cultural resources (PCR) are unexpectedly encountered. The final form of these procedures will depend upon the local regulatory environment, including any chance find procedures already incorporated in legislation dealing with antiquities or archaeology. For F4J, chance finds procedures contain the following elements:

1. PCR Definition

In some cases the chance finds procedure is confined to archaeological finds; more commonly it covers all types of PCR. In the absence of any other definition from the local cultural authorities, the following definition could be used: “movable or immovable objects, sites, structures or groups of structures having archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance”.

2. Ownership

The identity of the owner of the artifacts found should be ascertained if at all possible. Depending on the circumstances, the owner could typically be, for example, the state, the government, a religious institution, the land owner, or could be left for later determination by the concerned authorities.

3. Recognition

As noted above, in PCR-sensitive areas, recognition and confirmation of the specific PCR may require the contractor to be accompanied by a specialist. A clause on chance finds should be included in every contractor’s specifications.

4. Procedure upon Discovery

Suspension of Work

If a PCR comes to light during the execution of the works, the contractor shall stop the works. Depending on the magnitude of the PCR, the contractor should check with the Ministry of Tourism and Antiquities (MoTA) for advice on whether *all works* should be stopped, or only the works immediately involved in the discovery, or, in some cases where large buried structures may be expected, all works may be stopped within a specified distance (for example, 50meters) of the discovery. MoTA’s decision should be informed by a qualified archaeologist.

After stopping work, the contractor must immediately report the discovery to the Resident Engineer. The contractor may not be entitled to claim compensation for work suspension during this period. The Resident Engineer may be entitled to suspend work and to request from the contractor some excavations at the contractor’s expense if he thinks that a discovery was made and not reported.

Demarcation of the Discovery Site

With the approval of the Resident Engineer, the contractor is then required to temporarily demarcate, and limit access to, the site.

Non-Suspension of Work

The procedure may empower the Resident Engineer to decide whether the PCR can be removed and for the work to continue, for example in cases where the find is one coin.

Chance Find Report

The contractor should then, at the request of the Resident Engineer, and within a specified time period, make a *Chance Find Report*, recording:

- Date and time of discovery;
- Location of the discovery;
- Description of the PCR;
- Estimated weight and dimensions of the PCR;
- Temporary protection implemented.

The *Chance Find Report* should be submitted to the Resident Engineer, and other concerned parties as agreed with the cultural authority, and in accordance with Palestinian national legislation. The Resident Engineer, or other party as agreed, is required to inform the cultural authority accordingly.

Arrival and Actions of Cultural Authority

The cultural authority undertakes to ensure that a representative will arrive at the discovery site within an agreed time such as 24 hours, and determine the action to be taken. Such actions may include, but not be limited to:

- Removal of PCR deemed to be of significance;
- Execution of further excavation within a specified distance of the discovery point;
- Extension or reduction of the area demarcated by the contractor.

These actions should be taken within a specified period, for example, 7 days. The contractor may or may not be entitled to claim compensation for work suspension during this period.

If the cultural authority fails to arrive within the stipulated period (for example, 24 hours), the Resident Engineer may have the authority to extend the period by a further stipulated time. If the cultural authority fails to arrive after the extension period, the Resident Engineer may have the authority to instruct the contractor to remove the PCR or undertake other mitigating measures and resume work. Such additional works can be charged to the contract. However, the contractor may not be entitled to claim compensation for work suspension during this period.

Further Suspension of Work

During this 7-day period, the Cultural authority may be entitled to request the temporary suspension of the work at or in the vicinity of the discovery site for an additional period of up to, for example, 30 days. The contractor may, or may not be, entitled to claim compensation for work suspension during this period. However, the contractor will be entitled to establish an agreement with the cultural authority for additional services or resources during this further period under a separate contract with the cultural authority.

Annex IV: F4J Pest Management Plan

Introduction

Within the F4J project, it is anticipated that only agricultural processing sub-projects may have a need to make use of chemicals classified as relevant to OP 4.09 Pest Management. Agriculture intensification and diversification or irrigation projects are also relevant and would be considered by F4J. As such, mitigation measures are based on the international practices accepted by the World Bank and Palestinian environmental policies and standard.

World Bank Pest Management Policy General Guidelines

The World Bank supports a strategy that promotes the use of biological or environmental control methods and reduces reliance on synthetic chemical pesticides. In F4J, the MoF and PIA will address pest management issues in the context of the sub-projects' ESIA/ESMPs.

In Bank-financed agriculture operations, pest populations are normally controlled through Integrated Pest Management (IPM) approaches, such as biological control, cultural practices, and the development and use of crop varieties that are resistant or tolerant to the pest. The Bank may finance the purchase of pesticides when their use is justified under an IPM approach

Criteria for Pesticide Selection and Use

If the use of any pesticide is considered in any of the F4J subprojects, it is required to assess the nature and degree of associated risks, taking into account the proposed use and the intended users. With respect to the classification of pesticides and their specific formulations, the Bank refers to the World Health Organization's *Recommended Classification of Pesticides by Hazard and Guidelines to Classification* (Geneva: WHO). The following criteria apply to the selection and use of pesticides in Bank-financed projects:

- (a) They must have negligible adverse human health effects.
- (b) They must be shown to be effective against the target species.
- (c) They must have minimal effect on non-target species and the natural environment.
The methods, timing, and frequency of pesticide application are aimed to minimize damage to natural enemies. Pesticides used in public health programs must be demonstrated to be safe for inhabitants and domestic animals in the treated areas, as well as for personnel applying them.
- (d) Their use must take into account the need to prevent the development of resistance in pests.

The Bank requires that any pesticides it finances be manufactured, packaged, labeled, handled, stored, disposed of, and applied according to standards acceptable to the Bank.

The Bank does and will not finance formulated products that fall in WHO classes IA and IB.

The Bank may not finance formulations of products in Class II, if (a) the country lacks restrictions on their distribution and use; or (b) they are likely to be used by, or be accessible to, lay personnel, farmers, or others without training, equipment, and facilities to handle, store, and apply these products properly. Any WHO Class II product to be procured with F4J-associated financing must document that they have compiled with the Palestinian National Authority Pest Management Guidelines for procurement, usage, and storage, as follows below.

Palestinian National Authority Pest Management Guidelines

All controlled chemicals with potential health impacts must be certified by the Palestinian Ministry of Agriculture (MoA) and/or the Ministry of Health (MoH). MoA and/or MoH conducts the needed inspection arrangements and licensing on regularly basis on materials purchased by the municipalities or purchased directly by the MoA and/or MoH. Furthermore, the MoA and/or the MoH may distribute to municipalities for use under special arrangements and consideration of specific mitigation measures. The sub-project implementation entity is to consider the following environmental and health instructions for procurement of goods, handling and storing of pest control material for those sub-projects aiming at purchasing pesticides and other chemical controls.

Those responsible for purchasing needed pesticides for application in the Palestinian Territories should follow special arrangements specified by the MoH, as follows:

Measures for Pesticide Procurement

These instructions are as following:

1. The contractor and pesticide supplier should include in the bidding documents a certification indicating that the offered material is licensed by the MoA/MoH as material accepted to be used with no effect on public health;
2. Certifications should be original and written in English or Arabic;
3. The material should include a data sheet clarifying the production date and expiry date clearly, which should not be less than two years from the date of purchasing the material by the municipality;
4. The materials should be inspected by a licensed laboratory (usually it is inspected by the laboratory at the MoH and the cost of inspection should be covered by the provider;
5. Supply only pesticides of adequate quality, packaged and labeled as appropriate;
6. Pay special attention to formulations, presentation, packaging and labeling in order to reduce hazard to users, to the maximum extent possible consistent with the

effective functioning of the pesticide in the particular circumstances in which it is to be used; and

7. Provide, with each package of pesticide, information and instructions in a form and language adequate to ensure safe and effective use.

Measures for Using and Storing of Pesticides

The following is a set of mitigation measures that shall be considered before and during spraying process of the pesticides:

1. Specify and inform adjoining property owners in advance about the spraying time and nominate in advance the number of workers responsible for the spraying.
2. Supervision of the spraying process should continue during the whole designated spraying period.
3. Storage of pesticide should be in a well identified storage space with limited access to those other than project staff and inspection teams.
4. Disposal of used canisters or containers should follow the proper international procedures and applicable regulations.

Again, in addition, the user should comply with the instructions provided in the pesticide package and those instructions promoted by MoH.

Annex V: Sample Environmental Management Plan

Guidelines for a F4J sub-project ESMP: An ESIA is needed for EA category B projects in order to identify the potential impacts and appropriate mitigation measures to be included in the ESMP. Any F4J sub-project ESMP would have the following format:

1. **Project Description.**
2. **Description of Adverse Impacts:** The anticipated impacts are identified and summarized.
3. **Description of Mitigation Measures:** Each measure is described with reference to the effects it is intended to deal with. As needed, detailed plans, designs, equipment description, and operating procedures are described.
4. **Mitigation Indicators and Description of Monitoring Program:** Monitoring provides information on the occurrence of impacts. It helps identify how well mitigation measures are working, and where better mitigation may be needed. The monitoring program should identify what information will be collected, how, where and how often. It should also indicate at what level of effect there will be a need for further mitigation. How environmental impacts are monitored is discussed below.
5. **Monitoring methods:** Methods for monitoring the implementation of mitigation measures or environmental impacts should be as simple as possible, consistent with collecting useful information, so that the sub project implementer can apply them. For instance, they could just be regular observations of the sub project activities or sites during construction and then when in use. Are plant/equipment being maintained and damages repaired, does a water source look muddier/cloudier different than it should, if so, why and where is the potential source of contamination. Most observations of inappropriate behavior or adverse impacts should lead to common sense solutions. In some case, e.g. transgenic crops, there may be need to require investigation by a technically qualified person.
6. **Responsibilities:** The people, groups, or organizations that will carry out the mitigation and monitoring activities are defined, as well as to whom they report and are responsible. There may be a need to train people to carry out these responsibilities, and to provide them with equipment and supplies.
7. **Implementation Schedule:** The timing, frequency and duration of mitigation measure and monitoring are specified in an implementation schedule, and linked to the overall sub project schedule.
8. **Capacity Development and Training:** If necessary, the ESMP can recommend specific, targeted training for project staff, contractor, and community groups to ensure the implementation of environmental safeguards recommendations.
9. **Cost Estimates and Source of Funds:** These are specified for the mitigation and monitoring activities as a sub project is implemented.
10. **Integration:** The ESMP must be integrated into the sub-project's and F4J's plan and design, budget, specifications, estimated costs, bid documents, and contract/agreements clauses. Contract documents should only be finalized when site-specific ESMP recommendations are adequately and appropriately incorporated into the plan and design, cost estimates, specifications, and contract clauses.

Sample ESMP for mitigating potential environmental and social problems of the F4J EMSF during implementation

Activity	Relevant F4J Sub-Project Categories	Potential Environmental and Social Impacts	Mitigation Measures	Indicators
Rehabilitation of existing buildings / facilities	<ul style="list-style-type: none"> - Agro-processing - Alternative Energy - Construction - IT - Tourism 	Construction-related, localized dust, noise, and traffic impacts, debris management, worker health and safety	<ul style="list-style-type: none"> - Application of Environmental Requirements for contractors - Implementation of simple mitigation measures as per screening results - Preparation of a separate ESIA/ESMP as one of the Environmental requirements 	Testing and results within acceptable Palestinian Ambient dust and noise indicators
Preparation of packaged or processed fruits and/or vegetables for export market	Agro-processing logistics (e.g. distribution, storage, cold storage, labeling, packaging, tracking)	<ul style="list-style-type: none"> - Use of hazardous chemicals in agro processing or in producing the crops; no use of chemical formulations in WHO Classes 1A, 1B, or Class II - Worker exposure to chemicals - Worker packing and processing line injuries - Spoiled fruit or vegetable packaged, which, when consumed, could harm consumer health 	<ul style="list-style-type: none"> - Application of Environmental Guidelines for contractors - Performance Standard 2 on Labor and Working Conditions - Implementation of simple mitigation measures as per screening results - Preparation of a separate ESMP 	- Documentation of compliance with Palestinian MOA/MOA pest management guidelines

Activity	Relevant F4J Sub-Project Categories	Potential Environmental and Social Impacts	Mitigation Measures	Indicators
Solar energy panel installations	Alternative energy	<ul style="list-style-type: none"> - Lifecycle impacts on GHGs - Heat or light reflection - Worker health and safety - Waste Disposal 	<ul style="list-style-type: none"> - Avoid sites that have roof slopes that would require the panels to be placed in a manner which would reflect light into an immediate neighbor's window, balcony, or door for more than 30 days a year - All safety measures for high-rise installation must be followed. If working on a roof directly sloping to the road, a safety net must be placed on the side facing the road to prevent debris from accidentally falling on the road and appropriate warning signs must be placed on the road - All necessary protective gear must be worn at all times - Dispose packaging and construction waste properly at approved waste management sites, using registered transport facilities. This waste should not be treated as domestic waste. - Have a temporary storage facility that can contain the waste until disposed. Either into contract with a waste disposal facility capable of handling solar panel wastes. - Application of Environmental Guidelines for contractors 	<ul style="list-style-type: none"> - Pre-construction and construction phase site visit to review and detail site-specific environmental safety features - Field inspection guidelines and checklist on worker health and safety - Waste management checklist

Activity	Relevant F4J Sub-Project Categories	Potential Environmental and Social Impacts	Mitigation Measures	Indicators
			<ul style="list-style-type: none"> - Performance Standard 2on Labor and Working Conditions - 	
	<ul style="list-style-type: none"> - IT based software programming, research, calling centers, and customer service centers - Possible linear excavations for burying fiber-optic cable or, alternatively overhead stringing of the cable, - Civil works associated with building of national terrestrial backbones and rollout of wireless networks. 	<ul style="list-style-type: none"> - Worker occupational, health and safety issues - Air pollution due to dust emission arising from site clearance and transportation of construction materials - Noise nuisance during construction, - Waste generation - Safety issues for the families close to project active sites, etc. 	<ul style="list-style-type: none"> - Sprinkling water to suppress dust emissions - Use of protective gear such as nose masks, earmuffs, safety boots and gloves, proper disposal of construction debris and general solid waste - Fencing off the construction sites and limiting access by non-construction personnel - Linear excavations of active utility line right-of-ways for burying - Fiber-optic cable or, alternatively, overhead stringing of the cable, and rollout of additional wireless networks existing utility lines. - Application of Environmental Guidelines for contractors - Performance Standard 2on Labor and Working Conditions - Preparation of a separate ESMP 	<ul style="list-style-type: none"> - Testing and results within acceptable Palestinian Ambient dust and noise indicators - Pre-construction and construction phase site visit to review and detail site environmental safety features - Field inspection guidelines and checklist on worker health and safety - Waste management checklist
	Tourism	<ul style="list-style-type: none"> - Degradation of natural and physical integrity due to upgrading of 	<ul style="list-style-type: none"> - If the activity is in the immediate vicinity (within a distance of 5 km) of tourism-designated land, consult local authorities 	<ul style="list-style-type: none"> - Baseline assessment of current tourism impacts

Activity	Relevant F4J Sub-Project Categories	Potential Environmental and Social Impacts	Mitigation Measures	Indicators
		<p>tourist facilities and/or increased pedestrian or vehicular traffic</p> <ul style="list-style-type: none"> - Damage to the natural habitat and wildlife due to poor management practices in the eco-tourism facility - Damage to the natural habitat and wildlife due to poor management practices in the eco-tourism facility 	<p>on measures to be included in the design and management to minimize any negative impacts.</p> <ul style="list-style-type: none"> - Ensure that the location and design of the upgraded facility is non obtrusive and integrates safety, sanitation, waste management, etc. - Ensure that the tourism facility will not use illegal fuelwood or timber or any other forest product. - Ensure that the tourism facility has an efficient waste management system which includes: segregation of non-degradable wastes and their possible resale or disposal in a designated landfill site; and, composting of biodegradable wastes. - Report any illegal activity damaging/threatening the natural habitat/wildlife by the visitors to the appropriate authorities - Train all tourist staff in sustainable management and use of tourist resources - Application of Environmental Guidelines for contractors 	<ul style="list-style-type: none"> - Pre-construction and construction phase site visit to review and detail site-specific environmental safety features - Energy source guidelines - Waste management checklist - Changes in impacts (trash, off-route trampling, graffiti, etc.) - Tourism staff qualifications and performance

Activity	Relevant F4J Sub-Project Categories	Potential Environmental and Social Impacts	Mitigation Measures	Indicators
			<ul style="list-style-type: none"> - Performance Standard 2 on Labor and Working Conditions - Preparation of an ESMP 	

Supervision Responsibilities accrue to: the sub project proponent; the Contractor; Site Engineer; EA consultant; Social consultant

Monitoring Responsibilities accrue to: the EQA District Officer, PIA Safeguard Specialists

Annex VI: Sample Safeguards Monitoring Reports

Safeguards Monitoring Report for QPR

F4J Sub-Project ⁱ	Sub-Project Location and Contact information ⁱⁱ	Date ⁱⁱⁱ Table 2 (Screening Env. & Soc. Impacts) Completed	Date ⁱⁱⁱ Table 3 (Screening Involuntary Resettlement) Completed	Date ^{iii, iv} Environmental and Social Safeguards Sub-Project Monitoring Form Completed	Number of ^v complaints received	F4J ESO Frequency of site visits(s) ^{vi} For this QPR	EQA site visits (s) ^{vii, viii} For this QPR	Comments/ Issues
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- i.** the F4J QPR Safeguards Monitoring Report should include a row for each proposed and accepted sub-project;
- ii.** Each construction subproject and each pesticide-related good should have its own row;
- iii.** The exact dates on which each of the forms (Table 2, Table 3, Sub-Project Construction Monitoring) have been completed, for each sub-project, should be written in the QPR chart. These dates should be copied from the dates on the forms;
- iv.** The Environmental and Social Safeguards Sub-Project Monitoring Form on construction should be filled out once per month – in the timeframe between the beginning of construction, through the construction phase, until the end of construction. The frequency of site visits (and form completion) will further depends on the size of the sub-project and complexity of construction;
- v.** As noted in comment ii, there should be a reporting line for each subproject so that we know for which sub-project the complaints were received. Record “0” if no complaints have been received. If any complaints have been received, there should be a separate paragraph for each relevant sub-project. This paragraph should include a description of:
 - what the complaints have been;
 - if/how the sub-project proponent/sub-contractor recorded the complaints;
 - if/how the sub-project proponent/sub-contractor responded to the complaints;

- if/how the sub-project proponent/sub-contractor replied back to the person who complained (i.e. was there follow-up with the person who complained)?
- If/how the sub-project proponent/sub-contractor records when each complaint was considered closed/resolved.

vi. This column is to record frequency of the ESO site visits. This can be either a number or a description (“at least once”, “weekly during construction”, “daily during construction”, etc.);

vii. It is expected that each construction sub-project should be visited at least once during construction, and, if the construction period exceeds one month, once per month. However, it may not be the case that every sub-project is visited during the period of each QPR, as some sub-projects may either not have started construction, or, alternatively, may have completed construction;

viii. It is expected that any site visits where issues have been found will be described further in the written section of the QPR.

SAMPLE ENVIRONMENTAL AND SOCIAL SAFEGUARDS SUB-PROJECTS MONITORING FORM

A. Institutional Arrangements and Documentation

11. Has the project been identified to have negative and social environmental impacts?
Yes ___ No ___

If "Yes", does the contractor include an environmental and social specialist/site engineer?
Yes ___ No ___

12. Does the contractor have a copy of the Environmental Management Plan (ESMP)?
Yes ___ No ___

13. Is the project causing negative environmental or social impacts or nuisance? Yes _____
No _____

If "Yes", is the contractor carry out environmental due diligence (mitigation) as required by the ESMP (e.g. relating to flora, fauna, dust, noise, waste)? Yes _____ No _____

Comments:

.....
.....

14. Is environmental compliance and social risk being monitored and reported in the supervision consultant's reports? Yes _____ No _____

15. Does municipal sub-project management team include environmental and social staff or consultant? Yes _____ No _____

If "Yes", is the above individual trained on ESMP and World Bank safeguard policies?
Yes _____ No _____

16. Does the municipal sub-project management team include a Monitoring and Evaluation (M&E) specialist? Yes _____ No _____

17. Is information relating to environmental compliance included (separate annex or paragraphs) in Project Progress Reports? Yes _____ No _____

General Comments on social and environmental impacts:

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.....

Pollution, Degradation, Contamination and Erosion

18. Does the project require large amounts of raw material and construction material to be sourced (e.g. transported from a quarry)? Yes _____ No _____

- 19. Does the contractor have written permission from relevant authorities for selection of quarry site? Yes_____ No _____
- 20. Is the project obtaining sand or gravel from river bed or alternative source other than identified quarry? Yes_____ No_____
- 21. Does the project involve cutting down of trees or other vegetation? Yes_____ No _____
- 22. Is the project causing degradation to any wetlands, streams or other natural areas? Yes_____No _____
- 23. Is the project generating large amounts of residual wastes (solid/liquid waste)? Yes___ No _____
- 24. Is the project causing soil or water contamination (e.g. from oil, grease, fuel, equipment)? Yes_____ No_____
- 25. Is the project using any chemicals thereby causing soil and water contamination? Yes_____ No_____
- 26. Do the project activities involve or generate any hazardous waste substances (e.g. asbestos, toxic paints, noxious solvents, removal of lead paint, etc.)? Yes_____ No _____

If "Yes", are these being handled and/or disposed as identified in the ESMP and in pre-identified and approved sites? Yes_____ No _____

- 27. Is the project causing any cumulative negative environmental impacts or unanticipated negative environmental impacts beyond the footprint of the project? Yes_____ No _____

Comment:

.....
.....

- 28. Has the project come across any ‘chance finds’ during implementation (e.g. artifacts, gravesites, cultural heritage sites and/or artifacts)? Yes_____ No_____

If “Yes” what procedure has been followed by the project? Comment:

General Comments:

.....
.....

B. Community, Health and Safety

- 29. Are there any community concerns/complaints relating to negative environmental impacts?

If "Yes", are they being addressed? Yes_____ No _____

- 30. Are on site workers equipped with Personal Protective Equipment (PPE)? Yes_____ No_____

- 31. Is the project causing an issue for traffic or pedestrian safety? Yes_____ No_____
- 32. Does the contractor have adequate medical emergency supplies (first aid kit) on site?
Yes____ No ____
- 33. Is the project is causing sanitation related environmental issues (also stagnant water)?
Yes____ No ____

If “Yes”, are mitigation measures being applied? Yes_____ No _____

General Comments:

.....
.....
.....
.....

<u>Assessed/prepared by</u> Name: _____ Title: _____ Date: _____	<u>Reviewed and corrected by</u> Name: _____ Environmental and Social Officer (ESO) Date: _____
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Annex VII: Environmental Requirements for Contractors

Contractor(s) hired for civil works would be required to incorporate applicable environmental mitigation measures. In addition and as applicable, contractors will also adhere to the following requirements that are legally obligated:

General:

1. These general environmental guidelines apply to any work to be undertaken under the Finance for Jobs (F4J) project. For certain work sites entailing specific environmental and/or social issues, a specific Environmental Management Plan (ESMP), has been prepared to address the above-mentioned specific issues in addition to these general environmental guidelines. In addition to these general Environmental Guidelines, the Contractor shall therefore comply with any specific ESMP for the works he is responsible for. The Contractor shall be informed by the Client about such an ESMP for certain work sites, and prepare his work strategy and plan to fully take into account relevant provisions of that ESMP. If the Contractor fails to implement the approved ESMP after written instruction by the works supervisor to fulfill his obligation within the requested time, the Client reserves the right to arrange for execution of the missing action by a third party on account of the Contractor.

2. Notwithstanding the Contractor's obligation under the above clause, the Contractor shall implement all measures necessary to avoid undesirable adverse environmental and social impacts wherever possible, restore work sites to acceptable standards, and abide by any environmental performance requirements specified in an ESMP where such an ESMP applies.

3. These Environmental Guidelines, as well as any specific ESMP, apply to the Contractor. They also apply to any sub-contractors present on Project work sites at the request of the Contractor with permission from the Client.

General Environmental Protection Measures

4. In general, environmental protection measures to be taken at any work site shall include but not be limited to:

(a) Minimize the effect of dust on the environment resulting from earth mixing sites, vibrating equipment, construction related traffic on temporary or existing access roads, etc. to ensure safety, health and the protection of workers and communities living in the vicinity of work sites and access roads.

(b) Ensure that noise levels emanating from machinery, vehicles and noisy construction activities (e.g. excavation, blasting) comply with Palestinian standards and are generally kept at a minimum for the safety, health and protection of workers within the vicinity of high noise levels and nearby communities.

- (c) Ensure that existing water flow regimes in rivers, streams and other natural or irrigation channels are maintained and/or re-established where they are disrupted due to works being carried out.
- (d) Prevent any construction-generated substance, including bitumen, oils, lubricants and waste water used or produced during the execution of works, from entering into rivers, streams, irrigation channels and other natural water bodies/reservoirs.
- (e) Avoid or minimize the occurrence of standing water in holes, trenches, borrow areas, etc.
- (f) Prevent and minimize the impacts of quarrying, earth borrowing, piling and building of temporary construction camps and access roads on the biophysical environment including protected areas and arable lands; local communities and their settlements. Restore and rehabilitate all sites.
- (g) Upon discovery of graves, cemeteries, cultural sites of any kind, including ancient heritage, relics or anything that might or believed to be of archeological or historical importance during the execution of works, immediately report such findings to the Client (PIA and MoF) so that the Ministry in charge of Culture (Ministry of Tourism and Antiquities (MoTA)) may be expeditiously contacted for fulfillment of the measures aimed at protecting such historical or archaeological resources.
- (h) Prohibit construction workers from engaging in the exploitation of natural resources such as hunting, fishing, and collection of forest products or any other activity that might have a negative impact on the social and economic welfare of the local communities. Prohibit explicitly the transport of any bush meat in Contractor's vehicles.
- (i) Prohibit the transport of firearms in Project-related vehicles.
- (j) Prohibit the transport of third parties in Project-related vehicles.
- (k) Implement soil erosion control measures in order to avoid surface run off and prevent siltation, etc.
- (l) Ensure that garbage, sanitation and drinking water facilities are provided in construction workers camps.
- (m) Ensure that, in as much as possible, local materials are used to avoid importation of foreign material and long distance transportation.
- (n) Ensure public safety, and meet Palestinian traffic safety requirements for the operation of work to avoid accidents.
- (o) Ensure that any trench, pit, excavation, hole or other hazardous feature is appropriately demarcated and signposted to prevent third-party intrusion and any safety hazard to third parties.

(p) Comply with Palestinian speed limits, and for any traffic related with construction at F4J sites, comply with the following speed limits unless Palestinian speed limits are lower:

- Inhabited areas: 50 km/h
- Open road: 90 km/h.

(q) Ensure that, where unskilled daily-hired workforce is necessary, such workers are hired from neighboring communities.

(r) Generally comply with any requirements of Palestinian law and regulations.

5. Besides the regular inspection of the sites by the supervisor appointed by the Client for adherence to the Contract conditions and specifications, the Client may appoint an environmental inspector to oversee the compliance with these environmental conditions and any proposed mitigation measures. National or district EQA Officers may carry out similar inspection duties. In all cases, as directed by the Client's supervisor, the Contractor shall comply with directives from such inspectors.

Drilling

6. The Contractor will make sure that any drilling fluid, drilling mud, mud additives, and any other chemicals used for drilling at any F4J construction site complies with Palestinian health and safety requirements. In general, only bio-degradable materials will be used. The Contractor may be required to provide the detailed description of the materials he intends to use for review and approval by the Client. Where chemicals are used, general prescriptions of the World Bank's safeguard policy OP 4.09 "Pest Management" shall be complied with.

7. Drilling fluids will be recycled or disposed of in compliance with Ethiopian regulations in an authorized disposal site. If drilling fluids cannot be disposed of in a practical manner, and if land is available near the drilling site that is free of any usage rights, the Contractor may be authorized to dispose of drilling fluids near the drilling site. In this occurrence, the Contractor will be required to provide to the Client due evidence of their total absence of potential environmental impacts, such as leachate tests certified by an agreed laboratory. In this case, drilling fluids will be dried at site, mixed with earth and spread at site.

8. Any site affected by drilling work will be restored to its initial condition. This applies to drilling pads, access roads, staging areas, etc. Topsoil will be stripped ahead of any earthmoving, stored near the construction site, and replaced in its original location after the recontouring of the area affected by the works.

9. Where successive aquifers are intersected by the drilling works, and upon order by the work supervisor, the Contractor may be required to take measures to isolate aquifers from contamination by each other.

10. The Contractor will take all measures to avoid bacteriological or chemical contamination of the intersected aquifers by the drilling equipment. Similarly, the Contractor will take all

measures to avoid bacteriological or chemical contamination of the intersected aquifers from the surface by providing an adequately sealed well-head.

11. When greasing drilling equipment, the Contractor will avoid any soil contamination. In the event of a limited hydrocarbon spill, the Contractor will recover spilled hydrocarbons and contaminated soils in sealed drums and dispose of them in an authorized waste management facility.

12. Unless duly requested by the Contractor and authorized by the supervisor, no servicing of drilling equipment or vehicles is permitted at the drilling site.

Pipelines

13. No trench shall be left open for more than 7 days, unless duly authorized by the supervisor upon Contractor's request. Trenches and other excavation works shall be demarcated and/or signposted to avoid third party intrusion.

14. General conditions related with topsoil stripping, storage and restoration apply.

15. The Contractor will take measures to dispose of water used for pressure tests in a manner that does not affect neighboring settlements.

Waste Management

16. All drums, containers, bags, etc. containing oil/fuel/surfacing materials and other hazardous chemicals shall be stored at construction sites on a sealed and/or bonded area in order to contain potential spillage. All waste containers, litter and any other waste generated during the construction shall be collected and disposed of at designated disposal sites in line with applicable Palestinian government waste management laws/regulations. In this aspect it is not to allow the use on any asbestos containing material, which shall be clearly stated in the specifications, bidding documents and the contract.

17. All drainage and effluent from storage areas, workshops, housing quarters and generally from camp sites shall be captured and treated before being discharged into the drainage system in line with applicable government water pollution control regulations.

18. Used oil from maintenance shall be collected, properly stored in sealed containers, and either disposed of appropriately at designated sites or be re-cycled.

19. Entry of runoff into construction sites, staging areas, camp sites, shall be restricted by constructing diversion channels or holding structures such as berms, drains, dams, etc. to reduce the potential of soil erosion and water pollution.

20. Construction waste shall not be left in stockpiles along the road, but removed and reused or disposed of on a daily basis.

21. Where temporary dump sites for clean excavated material are necessary, they shall be located in areas, approved by the Client's supervisor, where they will not result in

supplemental erosion. Any compensation related with the use of such sites shall be settled prior to their use.

22. Areas for temporary storage of hazardous materials such as contaminated liquid and solid materials shall be approved by the supervisor and appropriate local and/or relevant national or local authorities before the commencement of work. Disposal of such waste shall be in existing, approved sites.

Quarries and Borrow Areas

23. The Contractor shall obtain appropriate licenses/permits from relevant authorities to operate quarries or borrow areas. The location of quarries and borrow areas shall be subject to review and approval by relevant local and national authorities.

24. New extraction sites:

a) Shall not be located less than 1km from settlement areas, archaeological areas, and cultural sites – including churches and cemeteries, wetlands or any other valued ecosystem component, or on high or steep ground.

b) Shall not be located in water bodies, or adjacent to them, as well as to springs, wells, well fields.

c) Shall not be located in or near forest reserves, natural habitats or national parks.

d) Shall be designed and operated in the perspective of an easy and effective rehabilitation. Areas with minimal vegetation cover such as flat and bare ground, or areas covered with grass only or covered with shrubs less than 1.5m in height, are preferred.

e) Shall have clearly demarcated and marked boundaries to minimize vegetation clearing and safety hazards for third parties.

The licensing/permitting for operating quarries, borrow areas, and new extraction sites shall comply with the World Bank Safeguard Policy OP/BP 4.12 and shall include the above provisions. Related environmental and social impacts of the licensing/permitting process are to be considered in the screening of the F4J subprojects.

25. Vegetation clearing shall be restricted to the area required for safe operation of construction work. Vegetation clearing shall not be done more than two months in advance of operations.

26. Stockpile areas shall be located in areas where trees or other natural obstacles can act as buffers to prevent dust pollution, and generally at a distance from human settlements. Wind shall be taken into consideration when siting stockpile areas. Perimeter drains shall be built around stockpile areas.

27. The Contractor shall deposit any excess material in accordance with the principles of these guidelines, and any applicable ESMP, in areas approved by local authorities and/or the supervisor.

Rehabilitation of Work and Camp Sites

28. Topsoil shall be stripped, removed and stored for subsequent rehabilitation. Soils shall not be stripped when they are wet. Topsoil shall not be stored in large or high heaps. Low mounds of no more than 1 to 2m high are recommended.

29. Generally, rehabilitation of work and camp sites shall follow the following principles:

- To the extent practicable, reinstate natural drainage patterns where they have been altered or impaired.
- Remove toxic materials and dispose of them in designated sites. Backfill excavated areas with soils or overburden that is free of foreign material that could pollute groundwater and soil.
- Ensure reshaped land is formed so as to be stable, adequately drained and suitable for the desired long-term land use, and allow natural regeneration of vegetation.
- Minimize erosion by wind and water both during and after the process of reinstatement.
- Compacted surfaces shall be deep ripped to relieve compaction unless subsurface conditions dictate otherwise.

Management of Water Needed for Construction Purposes

30. The Contractor shall at all costs avoid conflicting with water needs of local communities. To this effect, any temporary water abstraction for construction needs from either ground or surface water shall be submitted to the following community consultation process:

- Identification of water uses that may be affected by the planned water abstraction,
- Consultation with all identified groups of users about the planned water abstraction,
- In the event that a potential conflict is identified, report to the supervising authority.

This consultation process shall be documented by the Contractor (minutes of meeting) for review and eventual authorization of the water withdrawal by the Client's supervisor.

31. Abstraction of both surface and underground water shall only be done with the consultation of the local community as mentioned and after obtaining a permit from the relevant authority.

32. Abstraction of water from wetlands is prohibited.

33. Temporary damming of streams and rivers is submitted to approval by the supervisor. It shall be done in such a way as to avoid disrupting water supplies to communities downstream, and to maintain the ecological balance of the river system.

34. No construction water containing spoils or site effluent, especially cement and oil, shall be allowed to flow into natural water drainage courses. Similarly, wash water from washing out of equipment shall not be discharged into water courses or road drains. Washing bays shall be sited accordingly. Unless site conditions are not favorable, it will generally be infiltrated through soak pits or similar.

35. Site spoils and temporary stockpiles shall be located away from the drainage system, and surface run off shall be directed away from stockpiles to prevent erosion.

Traffic Management and Community Safety

36. Location of temporary access roads shall be done in consultation with the local community and based on the screening results, especially in important or sensitive environments. Temporary access roads shall not traverse wetland areas or other ecologically sensitive areas. The construction of any access roads shall be submitted to a prior consultation process with potentially affected communities that will have to be documented (minutes of meetings) for supervisor's review and approval.

37. Upon the completion of civil works, all temporary access roads shall be ripped and rehabilitated.

38. Measures shall be taken to suppress dust emissions generated by Project traffic.

39. Maximum speed limits for any traffic related with construction at STDP sites shall be the following, unless Palestinian speed limits are locally lower:

- Inhabited areas: 50 km/h
- Open road: 90 km/h.

Salvaging and Disposal of Obsolete Components Found by Rehabilitation Works

40. Obsolete materials and construction elements such as electro-mechanical equipment, pipes, accessories and demolished structures shall be salvaged and disposed of in a manner approved by the supervisor. The Contractor has to agree with the supervisor which elements are to be surrendered to the Client's premises, which will be recycled or reused, and which will be disposed of at approved landfill sites.

41. Any asbestos cement material that might be uncovered when performing rehabilitation works will be considered as hazardous material and disposed of in a designated facility.

Damage to Property

42. However, in the event that the Contractor, deliberately or accidentally, damages property, he shall repair the property to the owner's satisfaction and at his own cost. For each repair,

the Contractor shall obtain from the owner/user a certificate that the damage has been made good satisfactorily in order to indemnify the Client from subsequent claims.

Contractor's Health, Safety and Environment Management Plan (HSE-MP)

43. Within 6 weeks of signing the Contract, the Contractor shall prepare an HSE-MP to ensure the adequate management of the health, safety, environmental and social aspects of the works, including implementation of the requirements of these general conditions and any specific requirements of an ESMP for the works. The Contractor's EHS-MP will serve two main purposes:

45. The Contractor's HSE-MP shall provide at least:

- a description of procedures and methods for complying with these general environmental management conditions, and any specific conditions specified in an ESMP;
- a description of specific mitigation measures that will be implemented in order to minimize adverse impacts;
- a description of all planned monitoring activities and the reporting thereof; and
- the internal organizational, management and reporting mechanisms put in place for such.

46. The Contractor's HSE-MP will be reviewed and approved by the Client before start of the works. This review should demonstrate if the Contractor's HSE-MP covers all of the identified impacts, and has defined appropriate measures to counteract any potential impacts.

HSE Reporting

47. The Contractor shall prepare bi-monthly progress reports to the Client on compliance with these general conditions, the project ESMP if any, and his own HSE-MP. The Contractor's reports will include information on:

- HSE management actions/measures taken, including approvals sought from local or national authorities;
- Problems encountered in relation to HSE aspects (incidents, including delays, cost consequences, etc. as a result thereof);
- Non-compliance with contract requirements on the part of the Contractor;
- Changes of assumptions, conditions, measures, designs and actual works in relation to HSE aspects; and
- Observations, concerns raised and/or decisions taken with regard to HSE management during site meetings.

48. The reporting of any significant HSE incidents shall be done as soon as practicable. Such incident reporting shall therefore be done individually. The Contractor should keep his own records on health, safety and welfare of persons, and damage to property. It is advisable to

include such records, as well as copies of incident reports, as appendixes to the bi-monthly reports. Details of HSE performance will be reported to the Client.

Training of Contractor's Personnel

49. The Contractor shall provide sufficient training to his own personnel to ensure that they are all aware of the relevant aspects of these general conditions, any project ESMP, and his own HSE-MP, and are able to fulfill their expected roles and functions. Specific training will be provided to those Employees that have particular responsibilities associated with the implementation of the HSE-MP. Training activities will be documented for potential review by the Client.

Annex VIII: Summary of Public Consultations

The following table presents details on the venue of the focus group (stakeholder) consultations, the date, the time and the number of attendants.

Location	Date	Time	No of Attendants
Grand Park Hotel, Ramallah	July 9, 2015	-	22
Chamber of Commerce and Industry (NCCI), Nablus	July 30, 2015	10:00 – 12:00	23
PFCCIA, Ramallah	August 5, 2015	10:00 – 11:30	26

Agenda

• Registration
• Opening Speech
• F4J Overview:
- project component
- Environmental and Social Management Framework ESMF
• Questions and Discussion

The minutes of the three focus group (stakeholder) meetings on F4J and the Environment and Social Framework discussions are summarized in the following annexes:

Annex VIII (A): Stakeholder Consultation Meeting at Grand Park

Date: July 9, 2015
Venue: Grand Park Hotel, Ramallah
Audience: World Bank Group (WBG), Ministry of Finance (MoF), and Private Sector Representatives

On July 9, 2015, the WBG and MoF hosted a stakeholder meeting with leading private sector representatives in Ramallah to discuss the DIB instrument and gauge initial investor interest.

Private sector participants included PADICO, Bank of Palestine, Palestine Investment Fund, Portland Trust, Innovation Fund (Ibtikar), Bader/RAWABI, and PalTel (full list of participants is below).

Minutes of the Meeting

Key questions/points raised during discussion for further project design consideration:

- Will service providers (and DIB manager) be appropriately incentivized to achieve outcomes? How to ensure they are incentivized and share risk?;
- Demand side of job creation is critical – what if the jobs needed to absorb graduates do not materialize?;
- Gender aspects need further attention and how to incorporate into DIB design;
- Entrepreneurship as a ‘job outcome’ important; need to consider within design;
- Legal status of a DIB (and tax treatment) needs further follow-up;
- Investor returns and balancing social/financial outcomes is important;
- More needs to be done to link universities with private sector;
- Attribution of job outcomes and additionality of the intervention.

More specific stakeholder comments were as follows, organized by theme:

Job Demand, Job Skills, and Job Creation

- Need more direction for Min of Education. More interest/focus from the universities by graduating students where there is need. Incentive scheme linked to the quality of graduates;
- More interest in technical/vocational training;
- Still lack of clarity on where the demand is – perhaps need a quarterly/annual report on where is the demand in the market. Which sectors, specialties, etc.;
- Startups/entrepreneurships –10-15% of graduates will start their own businesses, need to leave room for this in the program at some point;
- This can help create a new horizon of quality of the labor force. Need to be able to compete internationally;
- Gender – need to look further into. Incentives for companies that hire women;
- Cohort eligibility – for example, What about someone who has a current job as a taxi driver but wants to train to become a solar technician?;
- May need to have a regional perspective for hiring;
- Definition of job outcomes – job created in Palestine or outside of Palestine?;

- Where will graduates look for jobs afterwards?;
- Job in Palestine sounds nice, but may not be realistic. Gave example of PalTel's Employment program – there is not always jobs available afterwards where they can place people;
- Investors can also help provide information on their own planned workforce and training needs to feed into the DIB;
- Sharek has released statistics on Employment after graduation. Average is 17 months to get a job. Problem is that the educated are not employed.

Risks and Incentives

- Who is taking the risk? Risk that service provider will not deliver properly. Who chooses the service providers? Doesn't yet trust SPV. Desire to choose service provider with track record that they know from investor perspective;
- Need to make sure service providers are not paid if they don't achieve the goals. This aspect makes it more difficult to see how this is different than traditional grant financing. Maybe a success fee for service providers is needed -- to make it a more competitive;
- What will returns for investors be?;
- Encourage/incentivize companies to create jobs even after the DIB;
- Service providers – how to ensure the training leads to results. Roles more clearly delineated, for investors, MoF, etc.;
- Investment vs Corporate Social Responsibility (CSR) – and what does this mean for accepting returns on financial statements etc.;
- Real risk is the jobs materializing. Difficult risk to mitigate – on the demand side. Whether they will be able to absorb new jobs;

Institutions

- The proposed DIB is a positive step forward; supportive of this initiative. Happy with MOF involvement. MOF and the cabinet need to create a positive environment for the project to succeed, including laws, regulations taxes, etc.;
- Need a tax/legal position on expenditures. How to deal with loss of money in the accounts;
- Would like to see a more active role with MOF. Not just to transfer money;
- Role of MOF as a custodian;
- What types of companies will be investors? Only large companies?
- Legal structure of the bonds;

Basic Project Design

- Title – can't just be West Bank. West Bank & Gaza or Palestine. With a footnote to say will start with West Bank;
- What is the Investment size?;

Participants:

- 8 participants representing potential private sector investors³
- Laila Sbaih, Director General, Ministry of Finance
- Farah Shaheen, Procurement, Ministry of Finance
- Hiba Hasan, Financial Management, Ministry of Finance
- Jonathan Flory, UK Social Finance Consulting
- Peter Nicholas, UK Social Finance Consulting
- Mark Ahern, Program Leader, Governance and Jobs, World Bank Group
- Peter Mousley, Team Leader, WBG
- Simon Bell, Head, WBG
- Riham Hussein, Financial Management, WBG
- Amy Abdel Razek, Operations Officer, WBG
- Eric Ranjeva, Finance Officer, WBG
- Stefanie Ridenour, Junior Professional Associate, WBG
- Khalida Qutob, Program Assistant, WBG
- James Crittle, Consultant, WBG



³The names, titles and private sector affiliations have been redacted in order to preserve confidentiality related to private sector competitiveness

Annex VIII (B): Stakeholder Consultation Meeting in Nablus

Date: July 30, 2015

Time: 10:00 to 12:00

Venue: Chamber of Commerce, Nablus

Audience: World Bank Group (WBG), Ministry of Finance (MoF), Representatives of Palestinian Institutions

On July 30, 2015, the WBG and Mo participated in a stakeholder meeting in the Chamber of Commerce, Nablus with a number of Palestinian Institutions and private sector representatives to discuss the F4J and gauge initial interest.

Participants included the Governorate office, Nablus Municipality, Chambers of Commerce of main cities in North West Bank, MoL, Local Council for Training and Employment in Nablus, EQA, Palestinian General Federation of Trade Unions, NGO, and some business men, (full list of participants is below).

The meeting proceedings were as follows:

Mr. Omar Hashim, Head of NCCI

Mr. Hashim welcomed the audience and presented the meeting, as its main objective was to introduce the project to stakeholders in North West Bank Area. He mentioned that World Bank for the benefit of the Ministry of Finance funds the project. He asked whether the existing projects need production lines or new projects. He pointed out that the project will help promote the national Economy all over Palestine.

Regarding unemployment, Mr. Hashim mentioned that the unemployment rate has reached about 23% in West Bank and Gaza Strip, which results in a need for new distinguished project to motivate the private sector to create job opportunities. Several preparatory meetings were held by private sector representatives to contribute with Government in this field. He also mentioned that there would be some consultation meetings with stakeholders and the private sector to start the project design stage.

Mr. Hashim pointed out that the project duration is about 3 to 4 years where \$7 million are allocated to be invested on the first stage. If the stage objectives are achieved, additional funds will be requested. He ensured that Palestine would be a leader in implementing such project. He also ensured that Nablus is considered the economic capital of Palestine and Gaza is part of this project as well as all the Palestinian areas. Mr. Hashim mentioned that World Bank is preparing to launch the project.

Mr. Abdalwahab Khatib from World Bank mentioned the following:

- There are about 40,000 graduates every year and 5-7 job opportunities required. This gap will increase if there are no actual interventions.
- Unemployment is due to low investment activities (whether local or international). The project will solve this issue as one of its objectives is to increase investments rates and

this in turn will increase the job opportunities. Having many specialties and skills for new graduates is another main reason for unemployment. Another project objective is to find a systematic way to allow Employers to contribute in training activities of new graduates.

- The donor is usually the one who choose the sector responsible for training. There is no partnership between the donor, government and the private sector.
- Using DIB, the private sector will participate in determining the type of training. The risk is distributed on more than one party.
- If graduates are employed due to offered training, the required job opportunities will be available and training cost will increase. This will result in additional profit.
- The budget allocated is about \$5-7 million. World Bank will fund the feasibility studies and some investments to reduce the risk on the private sector.

Dr. Hafez Shaheen, Consultant

Dr. Shaheen mentioned that the project is in its preliminary stage. He emphasized on the role of the private sector, governmental sector, and beneficiaries in motivating the private sector to train graduates.

Mr. Hashim continued asking the following questions:

- Are targeted sectors open or limited?
- What is the budget allocated for the training project?
- In case the training project succeeded, what is the budget allocated for projects?
- Will the private sector participate in setting the work mechanism? Is there any set program?

Mrs. Asma' Hanoun, Ministry of Labor (MoL) Office Director, Nablus Local Council for Training and Employment in Nablus raised the following questions:

- What is the project idea? Who are the targeted groups?
- Are funds allocated for the training?
- What is the role of MoL?

Mr. Abdalwahab Khatib

- The project is open for all sectors. Regarding the project budget, the project is currently in the design stage. The budget is \$5-7 million and will be distributed on training and investment. \$3.5-\$4 million on training and the rest is for investment. Funding for next stages will be bigger.
- Regarding work mechanism, Mr. Abdelateef replied that World Bank policy is to work with government. Also World Bank will fund the project, Ministry of Finance will supervise, and the private sector will implement. Mr. Abdelateef continued that there would be flexibility in the design according to the private sector.

Mrs. Hanoun mentioned that there is a Labor Council led by the Governor.

Ministry of Finance representative

Coordination with national associations shall be maintained for the achievement of project purposes. This is in order to measure to what extent the private sector is willing to be a partner.

Laila Aloul, Governorate office, Nablus praised the project idea and pointed out the following:

- There is good experience in conducting training programs and offering job opportunities
- The no. of graduates of similar specialties is very high and cannot be offered proper training
- The need for better marketing policies for the Palestinian market
- The need for professional studies to identify-y the market need
- Are the projects to be implemented small (18-29 years) or just improvement for existing projects

Mr. Akram Rjoob, Mayor of Nablus Governorate

- What projects do we need as Palestinians? What are the needed training programs and rehabilitation activities?
- There is a need for proper identification of project objectives, capabilities, and the targeted groups in order to think better.
- There are labor councils covering all the Palestinian governorates. The question is “what is the role of the ministries?”

Mr. Assem Salem, Council Member, Nablus Municipality, An- Najah Friends Association, NGO

- About 3,500-4,000 graduates were trained through a program started 5years ago
- The association is capable of preparing training programs in cooperation with civil and private sectors
- Such programs usually take 6 months extendable to another 6 months.
- Students became more confident.
- There is a gap between job requirements and education outputs
- The next step is to involve some trained graduates in sustainable projects

Mr. Mahmoud Zalmout, SAMA Pharmaceutical Manufacturing

- 200 new job opportunities through 6 Pharmaceutical factories.
- An 80-person hall was prepared to offer training to graduates.
- The fund is very low.

Ministry of Finance representative

- The impact of the traditional training is intangible
- The project shall be designed in participation with partners

Mr. Amjad Kharaz, Environment Quality Authority (EQA)

- To train qualified staff to enter the labor market will increase job opportunities in a limited way. The gap is still big.
- Emphasis is put on increasing job opportunities not only through training graduates but through involving the private sector. In addition, we need new ways to increase job opportunities.

Mr. Yasin Dwakat, NCCI

- Liked the idea that the private sector is a partner as it is considered as a main pillar for the economic development.
- The economic development is based on services where it should be for production
- What is gained from training if there are no job opportunities?
- The main obstacle faced by Palestinian economy is the Israeli occupation.
- Most of the available resources are in Area 'C'.

Mr. Husam Hijjawi, NCCI

- What are the incentives given to the private sector in order to participate in investment activities?
- The existing laws need to be reconsidered so the private sector could rely on investors.
- No investment means no Employment. There is a need for investment capital.
- Ninety eight percent of the existing projects are small and medium projects.
- The financial and economic policies shall be reconsidered.
- It is important to consider the industrial school and improve its performance
- Need to conduct field studies for the industrial sector to identify the needs.

Ministry of Finance representative ensured that the project is not only for training but also for Employment.

Mr. Zalmout emphasized the importance of achieving sustainable development.

Mr. Aloul, at the end of the workshop, ensured the following:

- The importance of considering previous studies to conduct training programs.
- The importance of coordination between universities and labor market.
- The importance of considering the exporting policies to export the Palestinian products to international markets to increase its value.

Participants:

- | | | |
|-----|--------------------------|---|
| 1. | Laila Sbaih | MoF |
| 2. | Farah Shaheen | MoF |
| 3. | Hiba Hassan | MoF |
| 4. | Akram Rjoob | Governor of Nablus |
| 5. | Laila Aloul | Governorate office, Nablus |
| 6. | Asma' Hanoun | Director, MoL office, Nablus
Local Council for Training and Employment in Nablus |
| 7. | Amjad Kharaz | EQA |
| 8. | Khaled Abdel Haq | Palestinian General Federation of Trade Unions |
| 9. | Assem Salem | Council Member, Nablus Municipality, An- Najah
Friends Association, NGO |
| 10. | Saeed Hindiah | Council Member, Nablus Municipality |
| 11. | Ghadeer Hamdan Haj Assad | Chamber of Commerce - Salfeet |
| 12. | Mahmoud Zalmout | SAMA pharmaceutical manufacturing |
| 13. | Omar Hashim | Head, Nablus Chamber of Commerce and Industry (NCCI) |
| 14. | Samir Kadri | NCCI |
| 15. | Yasin Dwakat | NCCI |
| 16. | Sayel Houari | NCCI |
| 17. | Husam Hijjawi | NCCI |
| 18. | Khalid Musleh | NCCI |
| 19. | Abdalwahab Khatib | Specialist, World Bank |
| 20. | Tracy Hart | Environmental Safeguard Specialist, World Bank |
| 21. | Hafez Shaheen | Consultant |
| 22. | Noor Atallah | Universal Group |
| 23. | Nadine Gartner | Universal Group |



Annex VIII (C): Stakeholder Consultation Meeting in Ramallah

Date: August 5, 2015
Time: 10:00 to 11:30
Venue: Palestinian Federation of Chambers of Commerce, Industry and Agriculture (PFCCIA)
Audience: World Bank Group (WBG), Ministry of Finance (MoF), Representatives of Palestinian Institutions

On August 5, 2015, the WBG and MoF participated in a stakeholder meeting in the PFCCIA, Ramallah with a number of Palestinian Institutions and private sector representatives to discuss the F4J and gauge initial interest.

Participants included representatives and members of the PFCCIA, Chambers of Commerce of main cities in West Bank, EQA in addition to the MoF and World Bank team (full list of participants is below).

The meeting proceedings were as follows:

Dr. Khalil Riziq, Chairman, FPCCIA

Dr. Riziq welcomed the audience for their attendance and for being interested in such pioneer projects. He showed up the importance of the project as it helps in supporting the private sector as well as small business which represent about 98% of businesses in Palestine. He pointed out the high unemployment rates especially in northern West Bank and Gaza Strip among graduates people as well as educated vocational workers. He finally thanked the project sponsors and supporting authorities specially the Ministry of Finance (MoF). He also expressed his interest in participation and supporting this project towards supporting the national economy which in turn supports Employment.

Mrs. Laila Sbaih, Ministry of Finance

Eng. Laila briefly presented the project idea and thanked FPCCIA for supporting the project. She said:

- There are several economic factors and indicators resulted from other different job creation projects.
- There are tens of million dollars invested on such projects in Palestine with no satisfying results or impacts.
- This came out with the idea of implementing different project especially in having different working mechanism.
- To have the private sector participating as the main part involved in the design and implementation stages will play a great role in the success of the project.
- The project idea focused on training and Employing. Not training only.

- The role of MOF in the project will be to oversight the project while the implementation will be the private sector role with the participation of the government.
- The project is in the pre-appraisal phase as this is the second meeting to be held in Ramallah

Mr. Abdalwahab Khatib, World Bank

Mr. Khatib presented briefly the project background. He mentioned having two components for the project; the first focuses on increasing investments while the other solves the incompatibility issue between graduates skills and the job opportunities available through publishing Development Impact Bonds (DIB). The following explains these components:

- Regarding increasing investments, Mr. Khatib suggested supporting feasibility studies in specific sectors to motivate investment. In short, the fund and support will be according to demand. If the demand is high for the agricultural activities, the agricultural sector will be funded.
- Regarding the second component, it focuses on capacity building of graduates through Development Impact Bonds. The objectives of publishing DIB are to solve the problem and to find a new mechanism to deliver training without having hands on training details.

Mr. Khatib ensured that in finding job opportunities, World Bank will then have achieved investment. He also ensured that the budget set for this project is very low which is about \$5-7 million as it is in the testing phase and the real impact and success will be achieved during the first two years.

Dr. Hafez Shaheen, Consultant

Dr. Shaheen draws the attention of the audience for several questions to get the feedback for further consideration. Such questions include “how to motivate DIB investors?”, “how to anticipate demand?” how to balance investor returns with social and financial outcome?” He mentioned that any project have social and environmental impacts whether it is an agricultural or industrial project. These issues are involved within the social and environmental management framework.

Mr. Samer Kalbouneh, EQA

Mr. Kalbouneh asked for more details for the project and if there is any document. Mr. Khatib from the World Bank replied that the project is in the pre-appraisal phase and once it gets approval, there will be documents available.

Mr. Kalbouneh asked also about the ESMF and mentioned the environmental agreements with the Environment Quality Authority and its positive prospects as well as expectations. He also mentioned the importance of the sustainability of such projects, the importance of involving the private sector, and the importance of funding the

environmental sector. He draw the attention of the rapid growth of solar panels companies and the idea investing in manufacturing such panels here in Palestine instead of importing.

Mr. Ma'en Sawaftah, Tubas Chamber of Commerce

Mr. Sawaftah mentioned implementing 5 new projects in tubas which Employed about 1000 persons. Most of these projects are for exportation such as manufacturing medical herbals and chips potatoes. He ensured that the agricultural sector is a promising sector where educated and non-educated may be involved.

Mr. Hijjawi, Salfeet Chamber of Commerce

Mr. Hijjawi focused on the idea of having high risk in such projects specially the DIBs. He mentioned having the possibility of loss. He also asked about how to ask investors to invest in such bonds. He mentioned that in the current situation, most institutes and companies might not accept such risk. He also focused on the mismatch between skills and opportunities.

Mr. Abdalwahab Khatib, World Bank

Following the previous interventions, Mr. Khatib replied that the agricultural sector is the one of the most job creating sectors so, it is an important sector for the success of the project. Regarding the high risk of the project, he replied that low risk projects are associated with low potential returns, whereas high levels of uncertainty (High Risk) are associated with high potential returns. He mentioned following some procedures for risk mitigation. He also mentioned having international companies investing in the project. Mr. Khatib ensured that the return is not only an instant financial return but, having professional producing Employees is another type of investment. He finally pointed out to some banks who expressed their interest to participate in the project. Also 3-5 companies accepted to participate in the project.

Mr. Ali Muhanna, FPCCIA

Mr. Muhanna pointed out to the experience the FPCCIA took to face the unemployment problem. He also mentioned implementing infrastructure projects. The FPCCIA experience focused on small fund projects creating many permanent job opportunities. He ensured that if the private sector is a main actual player in this project, the FPCCIA will support the project towards the success of the project.

Mr. Muhanna asked about the role of small organizations in this project as small organizations employ more than what large organizations Employ.

Mohammad Kmail, Jenin Chamber of Commerce

Mr. Kmail pointed out to the training issue. He suggested to start working with universities and institutions and not to wait to face the specialties and skills of the

graduates. His point focused on finding new methods. He also mentioned the vocational training as it is the role of the Ministry of Finance.

Mr. Ayman Al-Mimi, Ramallah and Al-bireh Chamber of Commerce

Mr. Al-Mimi mentioned the increase in competition as a result of training; so many trained people but the same opportunity. He presented the following suggestions:

- Investing in improving successful existing projects thus employing new labor.
- Conducting studies on existing projects to find out new investment opportunities.
- Focusing on small businesses as large business is more effectible by political conditions.

Mr. Al-Mimi also mentioned the idea of merging two states; the first one is having capitals with no investment and the other is having investment opportunities without having the capital.

Mrs. Laila Sbaih, MoF

Eng. Sbaih pointed out that the project's two components are funded as follows:

- The Development Impact Bonds (DIB) are funded by \$5-7 millions
- The other component is based on co-financing

She endured that the sectors involved are unlimited as all sector could create jobs and one of the objectives of having this meeting with the FPCCIA is to broaden the prospects. She also ensured on the idea of involving the private sector even before the design phase. She also assured that the FPCCIA experiences are very successful and the governmental sector is very interested in participating with the private sector towards the success of this project.

Some of the audience mentioned having a university to graduate students with two-year experience. The cost of such ideas is very high. Also she mentioned An-Nasarreieh Field School (GIZ project) for An-Najah National University as a successful project for training in field.

Mr. Abdalwahab Khatib, World Bank

He ensures on the idea that the project is very flexible; wherever demand exists, investment will be motivated. He also ensured that the return is associated with the benefit the trainees get from training.

Mr. Ahmed Manasrah, North Hebron Chamber of Commerce

Mr. Manasrah asked about the contribution size requested from investors, whether having international or local investors. Mr. Khatib replied that the large numbers of Employees work in new projects (Start-ups) so the idea is not to create a startup.

Mr. Jamal Jawabreh, FPCCIA

Some of the audience pointed out to an impact of such project which is having the trained Employed persons leaving the country. Mr. Jawabreh replied that this could be a positive impact also as the return of this opportunity will come back to be invested in the country. Also another positive impact could be leaving an empty job opportunity to be occupied by others.

Mr. Jawabreh emphasizes on the importance of being more committed to the project. He also ensured that the project will succeed.

Mr. Mohammad Qutqut, Qalqilia Chamber of Commerce

Mr. Qutqut pointed out to the possibility of having many investment determinants such as trained labor. He asked about the companies and institutions interested in participating in this project.

Mr. Sabeeh Qarban, PSDCP/FPCCIA

Mr. Qarban mentioned that encouragement of the private sector is required to participate in this project. He also mentioned that the focus is always on easy sectors such as the IT sector but the agricultural sector needs more time, so it demands more attention.

Mohammad Kmail, Jenin Chamber of Commerce

Mr. Kmail emphasized the importance of the IT sector as it focus on outsourcing. He mentioned that the Spatial Plan is standing against 5 factories in Jenin. Each employs about 100-250 workers.

Eng. Samer Kalbounhand & Eng Thabet Yousif, EQA representatives, replied that the Spatial Plan is in the development stage.

At the end of the workshop, all participants agreed on the idea that all sectors are partners from the early start till the end.

Participants:

No.	Name	Institute
1.	Laila Sbaih	MoF
2.	Farah Shaheen	MoF
3.	Hiba Hassan	MoF
4.	Khalil Riziq	FPCCIA
5.	Jamal Jawabreh	FPCCIA
6.	Akram Hijazi	FPCCIA
7.	Nazeih Mardawi	FPCCIA
8.	Sabeeh Qarban	PSDCP/FPCCIA
9.	Mohammad Ali Dissi	PSDCP/FPCCIA
10.	Mousa Salameh	FPCCIA
11.	Montaha Khaleel	FPCCIA

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|-----|-----------------------|--|
| 12. | Ali Muhanna | FPCCIA |
| 13. | Thabet Yousef | EQA/Ramallah Office |
| 14. | Samer Kalbouneh | EQA |
| 15. | Mohammad Kmail | Jenin Chamber of Commerce and Industry |
| 16. | Majed Abu-Sharekh | South Hebron Chamber of Commerce |
| 17. | Ahmed Manasrah | North Hebron Chamber of Commerce |
| 18. | Mohammad Qutqut | Qalqilia Chamber of Commerce |
| 19. | Isam Adnan Abu Zaid | Nablus Chamber of Commerce and Industry |
| 20. | Said Jallad | Tulkarem Chamber of Commerce |
| 21. | Ma'en Sawafta | Tubas Chamber of Commerce |
| 22. | Ayman Hussein Al-Mimi | Ramallah and Al-Bireh Chamber of Commerce and Industry |
| 23. | Mr. Hijjawi | Salfeet Chamber of Commerce |
| 24. | Abdalwahab Khatib | Specialist, World Bank |
| 25. | Hafez Shaheen | Consultant |
| 26. | Isra' Khalili | Universal Group |



Annex IX: World Bank Performance Standard on Labor and Working Conditions

1. Performance Standard 2 – Labor and Working Conditions (PS2) recognizes that the pursuit of economic growth through Employment creation and income generation should be accompanied by protection of the fundamental rights of workers. For any business, the workforce is a valuable asset, and a sound worker-management relationship is a key ingredient in the sustainability of a company. Failure to establish and foster a sound worker-management relationship can undermine worker commitment and retention, and can jeopardize a project. Conversely, through a constructive worker-management relationship, and by treating the workers fairly and providing them with safe and healthy working conditions, clients may create tangible benefits, such as enhancement of the efficiency and productivity of their operations.
2. The requirements set out in PS2 have been in part guided by a number of international conventions and instruments, including those of the International Labour Organization (ILO) and the United Nations (UN).
 - To promote the fair treatment, non-discrimination, and equal opportunity of workers.
 - To establish, maintain, and improve the worker-management relationship.
 - To promote compliance with national Employment and labor laws.
 - To protect workers, including vulnerable categories of workers such as children, migrant workers, workers engaged by third parties, and workers in the client’s supply chain.
 - To promote safe and healthy working conditions, and the health of workers.
 - To avoid the use of forced labor.

Application

3. The applicability of PS2 is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client’s Environmental and Social Management System (ESMS), the elements of which are outlined in PS2.
4. The scope of application of this Performance Standard depends on the type of Employment relationship between the client and the worker. It applies to workers directly engaged by the client (direct workers), workers engaged through third parties to perform work related to core business processes of the project for a substantial duration (contracted workers), as well as workers engaged by the client’s primary suppliers (supply chain workers).

Direct Workers

5. With respect to direct workers, the client will apply the requirements of paragraphs 8–23.

Contracted Workers

6. With respect to contracted workers, the client will apply the requirements of paragraphs 23–26.

Supply Chain Workers

7. With respect to supply chain workers, the client will apply the requirements of paragraphs 27–29.

Requirements

Working Conditions and Management of Worker Relationship

Human Resources Policies and Procedures

8. The client will adopt and implement human resources policies and procedures appropriate to its size and workforce that set out its approach to managing workers consistent with the requirements of PS2 and national law.
9. The client will provide workers with documented information that is clear and understandable, regarding their rights under national labor and Employment law and any applicable collective agreements, including their rights related to hours of work, wages, overtime, compensation, and benefits upon beginning the working relationship and when any material changes occur.

Working Conditions and Terms of Employment

10. Where the client is a party to a collective bargaining agreement with a workers' organization, such agreement will be respected. Where such agreements do not exist, or do not address working conditions and terms of Employment, the client will provide reasonable working conditions and terms of Employment.
11. The client will identify migrant workers and ensure that they are engaged on substantially equivalent terms and conditions to non-migrant workers carrying out similar work.
12. Where accommodation services are provided to workers covered by the scope of PS2, the client will put in place and implement policies on the quality and management of the accommodation and provision of basic services. The accommodation services will be provided in a manner consistent with the principles of non-discrimination and equal opportunity. Workers' accommodation arrangements should not restrict workers' freedom of movement or of association.

Workers' Organizations

13. In countries where national law recognizes workers' rights to form and to join workers' organizations of their choosing without interference and to bargain collectively, the client will comply with national law. Where national law substantially restricts workers' organizations, the client will not restrict workers from

developing alternative mechanisms to express their grievances and protect their rights regarding working conditions and terms of Employment. The client should not seek to influence or control these mechanisms.

14. In either case described in paragraph 13, and where national law is silent, the client will not discourage workers from electing worker representatives, forming or joining workers' organizations of their choosing, or from bargaining collectively, and will not discriminate or retaliate against workers who participate, or seek to participate, in such organizations and collective bargaining. The client will engage with such workers' representatives and workers' organizations, and provide them with information needed for meaningful negotiation in a timely manner. Workers' organizations are expected to fairly represent the workers in the workforce.

Non-Discrimination and Equal Opportunity

15. The client will not make employment decisions on the basis of personal characteristics unrelated to inherent job requirements. The client will base the employment relationship on the principle of equal opportunity and fair treatment, and will not discriminate with respect to any aspects of the employment relationship, such as recruitment and hiring, compensation (including wages and benefits), working conditions and terms of employment, access to training, job assignment, promotion, termination of employment or retirement, and disciplinary practices. The client will take measures to prevent and address harassment, intimidation, and/or exploitation, especially in regard to women. The principles of non-discrimination apply to migrant workers.
16. In countries where national law provides for non-discrimination in Employment, the client will comply with national law. When national laws are silent on non-discrimination in Employment, the client will meet PS2. In circumstances where national law is inconsistent with PS2, the client is encouraged to carry out its operations consistent with the intent of paragraph 15 above without contravening applicable laws.
17. Special measures of protection or assistance to remedy past discrimination or selection for a particular job based on the inherent requirements of the job will not be deemed as discrimination, provided they are consistent with national law.

Retrenchment

18. Prior to implementing any collective dismissals, the client will carry out an analysis of alternatives to retrenchment. If the analysis does not identify viable alternatives to retrenchment, a retrenchment plan will be developed and implemented to reduce the adverse impacts of retrenchment on workers. The retrenchment plan will be based on the principle of non-discrimination and will reflect the client's consultation with workers, their organizations, and, where appropriate, the government, and comply with collective bargaining agreements if they exist. The client will comply with all

- legal and contractual requirements related to notification of public authorities, and provision of information to, and consultation with workers and their organizations.
19. The client should ensure that all workers receive notice of dismissal and severance payments mandated by law and collective agreements in a timely manner. All outstanding back pay and social security benefits and pension contributions and benefits will be paid (i) on or before termination of the working relationship to the workers, (ii) where appropriate, for the benefit of the workers, or (iii) payment will be made in accordance with a timeline agreed through a collective agreement. Where payments are made for the benefit of workers, workers will be provided with evidence of such payments.

Grievance Mechanism

20. The client will provide a grievance mechanism for workers (and their organizations, where they exist) to raise workplace concerns. The client will inform the workers of the grievance mechanism at the time of recruitment and make it easily accessible to them. The mechanism should involve an appropriate level of management and address concerns promptly, using an understandable and transparent process that provides timely feedback to those concerned, without any retribution. The mechanism should also allow for anonymous complaints to be raised and addressed. The mechanism should not impede access to other judicial or administrative remedies that might be available under the law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements.

Protecting the Work Force

Child Labor

21. The client will not employ children in any manner that is economically exploitative, or is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development. The client will identify the presence of all persons under the age of 18. Where national laws have provisions for the Employment of minors, the client will follow those laws applicable to the client. Children under the age of 18 will not be employed in hazardous work. All work of persons under the age of 18 will be subject to an appropriate risk assessment and regular monitoring of health, working conditions, and hours of work.

Forced Labor

22. The client will not Employ forced labor, which consists of any work or service not voluntarily performed that is exacted from an individual under threat of force or penalty. This covers any kind of involuntary or compulsory labor, such as indentured labor, bonded labor, or similar labor-contracting arrangements. The client will not employ trafficked persons.

Occupational Health and Safety

23. The client will provide a safe and healthy work environment, taking into account inherent risks in its particular sector and specific classes of hazards in the client's work areas, including physical, chemical, biological, and radiological hazards, and specific threats to women. The client will take steps to prevent accidents, injury, and disease arising from, associated with, or occurring in the course of work by minimizing, as far as reasonably practicable, the causes of hazards. In a manner consistent with good international industry practice, as reflected in various internationally recognized sources including the World Bank Group Environmental, Health and Safety Guidelines, the client will address areas that include the (i) identification of potential hazards to workers, particularly those that may be life-threatening; (ii) provision of preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances; (iii) training of workers; (iv) documentation and reporting of occupational accidents, diseases, and incidents; and (v) emergency prevention, preparedness, and response arrangements. For additional information related to emergency preparedness and response refer to Performance Standard 2– Labor and Working Conditions (PS2).

Workers Engaged by Third Parties

24. With respect to contracted workers the client will take commercially reasonable efforts to ascertain that the third parties who engage these workers are reputable and legitimate enterprises and have an appropriate ESMS that will allow them to operate in a manner consistent with the requirements of this Performance Standard, except for paragraphs 18–19, and 27–29.
25. The client will establish policies and procedures for managing and monitoring the performance of such third party Employers in relation to the requirements of this Performance Standard. In addition, the client will use commercially reasonable efforts to incorporate these requirements in contractual agreements with such third party Employers.
26. The client will ensure that contracted workers, covered in paragraphs 24–25 of this Performance Standard, have access to a grievance mechanism. In cases where the third party is not able to provide a grievance mechanism the client will extend its own grievance mechanism to serve workers engaged by the third party.

Supply Chain

27. Where there is a high risk of child labor or forced labor in the primary supply chain, the client will identify those risks consistent with paragraphs 21 and 22 above. If child labor or forced labor cases are identified, the client will take appropriate steps to remedy them. The client will monitor its primary supply chain on an ongoing basis in order to identify any significant changes in its supply chain and if new risks or

incidents of child and/or forced labor are identified, the client will take appropriate steps to remedy them.

28. Additionally, where there is a high risk of significant safety issues related to supply chain workers, the client will introduce procedures and mitigation measures to ensure that primary suppliers within the supply chain are taking steps to prevent or to correct life-threatening situations.
29. The ability of the client to fully address these risks will depend upon the client's level of management control or influence over its primary suppliers. Where remedy is not possible, the client will shift the project's primary supply chain over time to suppliers that can demonstrate that they are complying with PS2.