



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
Executive Summary



World Bank Group

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Executive Summary

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List of Acronyms

DIB	Development Impact Bond
DM	DIB Manager
EM	Environmental Matrix
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESO	Environmental and Social Officer
EQA	Environment Quality Authority
ESMF	Environmental and Social Management Framework
F4J	Finance for Jobs
GRM	Grievance Redress Mechanism
IEE	Initial Environmental Evaluation
IT	Information Technology
M&E	Monitoring and Evaluation
MoF	Ministry of Finance
MoL	Ministry of Labor
NGO	Non-Governmental Organization
OHS	Occupational Health and Safety
OP/BP	Operational Policy/Bank Procedures
PA	Palestinian Authority
PC	Project Counterpart
PEAP	Palestinian Environmental Assessment Policy
PID	Project Information Document
PIA	Project Implementation Agent
PO	Project Officer
PPP	Public Private Partnership
PS2	Performance Standard 2
SOP	Series of Projects
SPV	Special Purpose Vehicle
TA	Technical Assistant
ToR	Terms of References
VGF	Viability Gap Financing
WBG	World Bank Group

Executive Summary

0.1 Introduction

This executive summary presents the main findings of the Environmental and Social Impact Assessment (ESMF) written to support implementation of the Finance for Jobs (F4Js) project. The 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.

The ESMF is the safeguard document for the 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 and subprojects. 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.

In addition to the World Bank procedures and requirements, F4J is mandated by the Palestinian law and the EQA guidelines for environmental impact assessment. The F4J is classified as an EA category B project that will raise only minor environmental issues. Subprojects to be financed by F4J are not to include EA Category A projects. F4J will not finance activities on the ground, but subsequent projects will. The ESMF is prepared to cope with the World Bank's Operational Policy on Environmental Assessment (OP 4.01) and with the EQA guidelines.

0.2 Legal and Administrative Framework

The following are the most applicable legal and administrative frameworks; both the Palestinian environmental laws and regulations and those policies and procedures of the World Bank; related to the project.

0.2.1 Relevant Palestinian National Authority Environmental and Social Laws

- Palestinian Environmental Assessment Policy (PEAP), resolution No: 27-23/4/2000;
- Palestinian Public Health Law No 20, 2004;
- Palestinian Environmental Law No. 7, 1999;
- Palestinian Labor Law No 7, 2000;
- Grievance and Complaints bylaw; approved by the Ministerial Cabinet on 9/3/2005 and updated on 8/3/2009.

0.2.2 World Bank's Policies and Procedures

The World Bank has 10 current Operational Policies and Procedures:

- Environmental Assessment (OP/BP 4.01)
- Natural Habitats (OP/BP 4.04)
- Pest Management (OP/BP 4.09)
- Indigenous Peoples (OP/BP 4.10)
- Physical Cultural Resources (OP/BP 4.11)
- Involuntary Resettlement (OP/BP 4.12)
- Forests (OP/BP 4.36)
- Safety of Dams (OP/BP 4.37)
- Projects on International Waterways (OP/BP 7.50)
- Projects in Disputed Areas (OP/BP 7.60)

In addition to the 10 OPs/BPs of the Bank, the Performance Standard 2 – Labor and Working Conditions (PS2) is also required for F4J.

The F4J project triggers OP 4.01 (Environmental Assessment). The Series of Projects (SOPs) under EA categories B and C are the sub-projects to be financed by the F4J. Category C projects are likely to have negligible or no environmental impacts and normally do not require EA. 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 Palestinian Authority.

0.3 Project Description

Private sector led growth is central to the socio-economic future of the West Bank and Gaza. However, private sector growth is hindered by a lack of investment as well as and a mismatch of skills between those demanded by the private sector and those possessed by graduates.

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 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. 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). DIB is a form of social investment instrument where investors only receive a return if targeted outcomes are

achieved. Targeted outcomes in the F4J project will be “trained and employed youth in the West Bank and Gaza”.

Based on outcomes of market readiness and capacity building efforts, subsequent projects in the SOPs 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.

F4J1 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. The F4J1 project will not finance any activities on the ground and will only provide Technical Assistance (TA); subsequent F4J projects will.

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.

The above 5 eligible sectors (initial screening) are the ones identified as, 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.

0.4 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 Agent (PIA) and a specialized Management team for the DIB (DIB Manager – DM). The PIA function will be contracted by the PC (MoF).

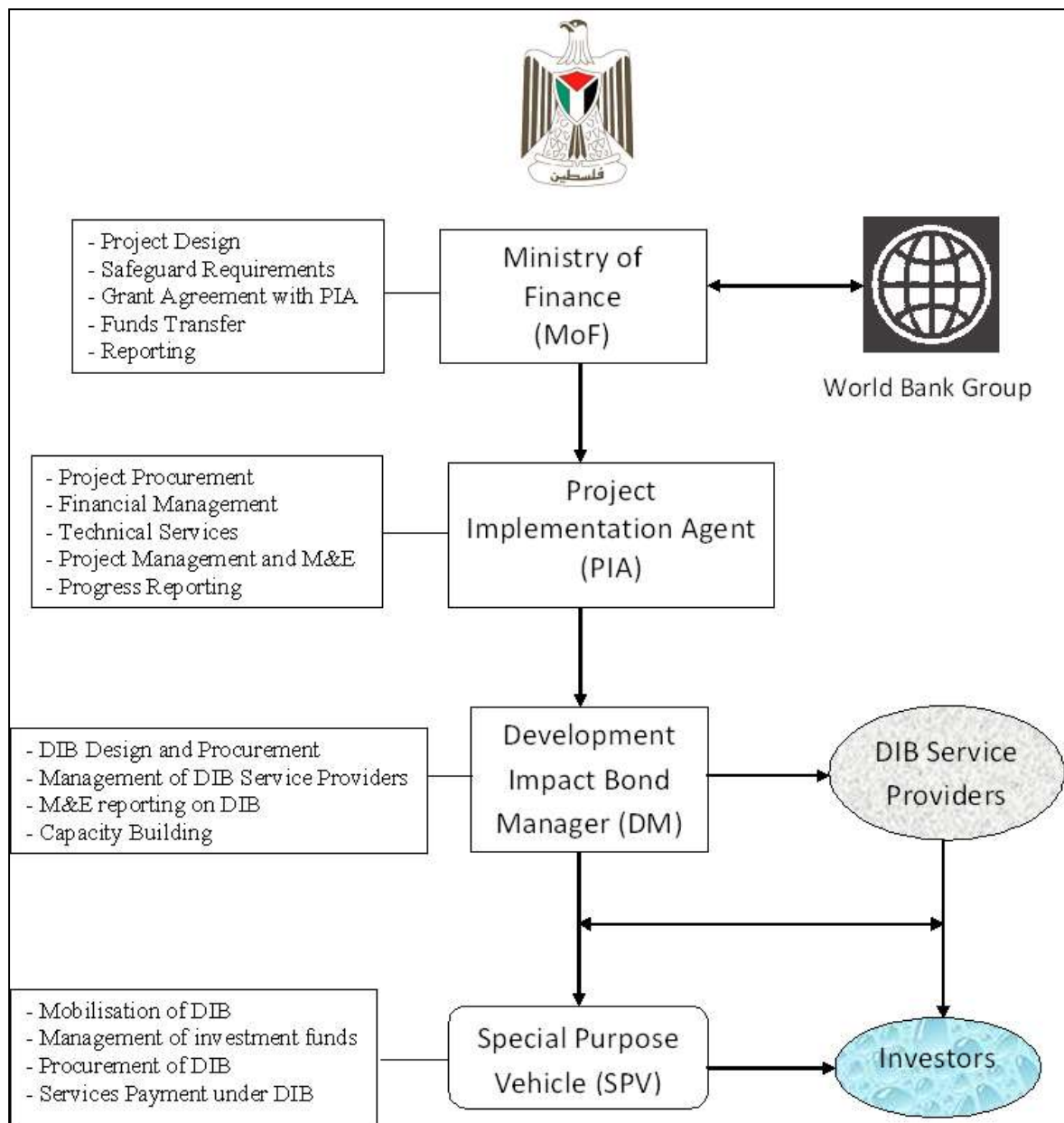
In addition to the PC, the PIA and the DM, there will be separate provider contracts generated for other activities to be undertaken under the project, namely for contracts for

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 PIA will be responsible for procurement, financial management, safeguards, and M&E including annual work planning and progress reporting and oversight of the PIA Performance Contracts. The PIA will be staffed accordingly and report to the PC (MoF). 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.

The project will also establish a facility to finance feasibility assessments and assist the Palestinian Authority (PA) and the private sector to build a pipeline of job-focused private sector participation investments.

The following Chart provides more details on the F4J institutional structure.



0.5 Environmental and Social Management Framework

Environmental and social screening will take place at an early stage of the F4J sub-project cycle. It will help in excluding any sub-project that might trigger 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.

The Bank Policy on Involuntary Resettlement (OP 4.12) does not apply, as subprojects will be excluded that involve relocation of households, temporary or permanent land take, and impacts on livelihoods, including those that may occur through restriction of access to resources. The project includes a clear negative list as part of the Operations Manual, which clarifies a rigorous sub-project screening process for this exclusion. 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. The ESMF contains guidelines on voluntary land donation. The PIA will hire an Environment and Social Officer (ESO) to assist with subproject screening and monitoring of social risk issues.

The 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 impact assessments (ESIA), environmental and social management plans (ESMPs), their implementation, and monitoring for the eligible subprojects.

The ESMF includes: (i) Chance Find procedures, in the rare case that previously unknown physical cultural resources and heritage artifacts are found in the midst of implementation; and (ii) a Pest Management Plan, in the case that agricultural processing activities include the use of the formulation of chemicals. F4J is not to finance subprojects that encounter direct use of pesticides and fertilizers. However projects of agriculture sector could stimulate change or increase use of pesticides that then would require the Pest Management Plan.

The ESMF contains the following tables, charts, and checklists:

- an Environmental Screening and Classification of Projects checklist;
- an Environmental Categories Screening Chart;
- a Social and Cultural Resource Screening of Subprojects checklist;
- a Social Safeguard Screening chart;
- an Environmental Management Checklist for construction projects; and
- a sample Environmental Management Plan (ESMP).

0.6 Environmental Assessment and Preparation of ESMP

The project-specific ESIA and 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 (MoF), 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.

F4J includes activities that mainly have positive environmental and social impacts such as awareness programs and capacity building. Yet, negative impacts might occur 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/ESMPs to be prepared.

The ESMF contains sample Environmental Matrices (EMs), which list the expected environmental and social impacts and indicates whether the impact is positive, negative or neutral, for each of the potential F4J project sub-project sectors: agricultural services, IT and digital entrepreneurship; tourism; construction; and energy. A sub-project specific EM will be prepared and modified after detailed information of each potential sub-projects is known. 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 contract.

0.7 Public and Stakeholders Consultation

Three stakeholder consultation (Focus Group) sessions were organized on July 9th, July 30th, and August 5th, 2015. 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 an environmental consultant.

Participants included a diverse set of stakeholders such as Chambers of Commerce, Business forums, enterprises, EQA, Ministry of Labor (MoL), and representatives of the private sector. More than 60 people attended the three different consultations, including a considerable number of females. 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. They consultations gave examples of how integrated activities can be designed.

Detailed minutes and comments of the consultations are summarized and annexed in the full version of the ESMF. More public consultations are planned to be held during F4J implementation, including on (i) the development and specification of the Development Impact Bond (DIB); and (ii) each of the sub-projects selected for F4J support, in which case the consultations will be held near the physical location(s) of the proposed intervention.

Site specific ESIAs/ESMPs shall be prepared for the F4J EA Category B sub-projects to address the concerns that were raised in the consultations. The site-specific ESIAs/ESMPs are to be disclosed in English and Arabic (executive summary) on the MoF website and in the World Bank InfoShop.

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.

Citizens and beneficiaries of F4J can raise their complaints anytime during the construction and operation of the project and their complaints must be settled. The MoF will be the responsible 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.

The mechanism will be advertised widely among communities through promotional materials (website and brochures) as well as in project documents.

An initial response that acknowledges receipt of the complaint will be made within one week and a final response within two weeks after receiving the complaint. For more complicated issues that require longer response time, more time will be granted for the final response. However, the final response should be made within a reasonable amount of time (i.e. one month).

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.

0.8 Environmental and Social Monitoring and Capacity Building

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 PIA will include an environmental officer and social officer (ESO) to assist to monitor environmental and social safeguards issues.

The PIA shall be responsible for monitoring and compliance with the environmental policies and requirements. It will have the responsibility of reviewing and assessing ESIAs/ESMPs of the subprojects. The PIA will receive additional environment and

social specific training. The ESO will also receive dedicated technical support from the World Bank environmental and social safeguards specialists.

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

- Environmental and social screening;
- Preparation of ESIA/ESMPs;
- Implementation of ESMPs, for design, construction and operational phases;
- Occupational health and safety (OHS);
- Environmental and social monitoring and reporting; and
- Performance Standard 2 – Labor and Working Conditions (PS2).

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 and social monitoring and reporting.

Specifically, the ESO, as part of the work program of the PIA, will:

- Screen and review all proposed projects in order to identify any that may carry the risk of adverse social and environmental impacts;
- Assign a category to each project in accordance with the environmental and social safeguard policies of the World Bank and EQA;
- Design and assist in preparation of ESIA/ESMPs 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; and
- Hold field visits to project sites to ensure compliance with the environmental and social safeguard procedures.

The budget for training sessions for F4J1 is \$50,000. Additionally, there will be annual salary at \$40,000 for the Environmental and Social Officer (ESO) as part of the PIA team. Environmental and social mitigation costs for each F4J sub-project will be included as part of the sub-project budget, which will be passed on to the contractor to manage and implement.

0.9 Conclusions and Additional Information

The full version of the ESMF contains additional information, including the annexes:

- **Annex I:** The ESMF Terms of Reference
- **Annex II:** The ToR for the PIA/Environmental and Social Officer (ESO)
- **Annex III:** Chance Find Procedures
- **Annex IV:** Pest Management Plan
- **Annex V:** Sample Environmental Management Plan

- **Annex VI:** Sample Safeguards Monitoring Reports
- **Annex VII:** Environmental Guidelines for Contractors
- **Annex VIII:** Summary of Public Consultations at Grand Park, in Nablus, and in Ramallah
- **Annex IX:** World Bank Performance Standard 2 on Labor and Working Conditions

The Project Information Document (PID) and the environmental and social safeguard documents for F4J are also available on the external website of the World Bank (www.worldbank.org), as well as contain contact information for those responsible for F4J preparation and implementation for both the Ministry of Finance and the World Bank.