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INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE

Report No.: ISDSC7774

Date ISDS Prepared/Updated: 14-May-2014

Date ISDS Approved/Disclosed: 24-Jun-2014

I. BASIC INFORMATION

A. Basic Project Data

Country:	West Bank and Gaza	**Project ID:**	P148896
Project Name:	Local Governance and Services Improvement Program (P148896)		
Task Team Leader:	Bjorn Philipp		
Estimated Appraisal Date:	07-Oct-2014	**Estimated Board Date:**	12-Mar-2015
Managing Unit:	MNSSU	**Lending Instrument:**	Investment Project Financing
Sector(s):	Other social services (30%), Rural and Inter-Urban Roads and Highways (25%), General water, sanitation and flood protection sector (20%), Sub-national government administration (15%), Central government administration (10%)		
Theme(s):	Participation and civic engagement (45%), Municipal governance and institution building (20%), Social Inclusion (20%), Decentralizat ion (15%)		
Financing (In USD Million)			
Total Project Cost:	5.00	Total Bank Financing:	0.00
Financing Gap:	0.00		

Financing Source	Amount
Borrower	0.00
Special Financing	5.00
Total	5.00

Environmental Category:	B - Partial Assessment
Is this a Repeater project?	No

B. Project Objectives

The proposed Development Objective of this first phase would be to strengthen the local government financing mechanism and improve local service delivery in the target areas. Recipients are defined as VCs and JSCs qualifying to participate in the Program. The target area will be defined during program implementation, subject to qualifying recipients' location.

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Given the demand-driven nature of the program, the specific type of sub-projects and service delivery improvements cannot be known ex-ante. However, local services to be improved are expected to include basic infrastructure and services such as solid waste collection, water supply and sanitation, local roads, but would also include community and social services. Beneficiaries would be the communities of qualifying VCs and JSCs.

The proposed Local Governance and Service Delivery Improvement Program would be fully embedded in the Bank's programmatic sector approach to enhance local governments' efficiency and effectiveness to achieve fiscal stability, but specifically target VCs which are the LGUs that currently do not have access to funds provided under MDP. The proposed program would complement MDP by targeting the "bottom end of the LGU spectrum" in a comprehensive approach to improving local service delivery performance. The program would support LGUs to improve and consolidate service provision to reach performance levels comparable to municipalities. In the medium-to-long run, targeted VCs would be expected to "graduate" and qualify to gain access to funding provided under the MDP performance allocation formula.

The higher-level program objective would be to strengthen the governance and financing structure of all LGUs to provide better coverage and improved quality of local services in a fiscally stable manner. The proposed program would support VCs and JSCs to improve service delivery performance in an incremental and gradual manner divided over programmatic phases, including Phase I proposed in this Concept Note. However, achieving this higher-level objective would exceed the scope and capacity of this first phase.

C. Project Description

The proposed program would provide (i) funding for locally planned small scale infrastructure projects to improve service delivery; and (ii) support strengthening the governance and financing structure for accountable and financially sustainable local services. The investment grant would be embedded in a programmatic sector approach, establishing a systematic and transparent mechanism to allocate investment funding and provide institutional strengthening support to LGUs currently not eligible to funding provided by the Municipal Development Program (MDP). LGUs would need to meet eligibility criteria to access funding under the program. The criteria would be simple and easy to measure, but would provide an indication of (i) LGUs basic functionality; and (ii) serve as a threshold to quality for larger allocations to assure sustainability of infrastructure investments, including operation and maintenance in the future.

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The proposed program would comprise of three components. The first component would provide funding and capacity building support to eligible LGUs for investments in small-scale infrastructure and services based on a transparent allocation formula. The second component would finance larger-scale investments for a group of LGUs collaborating through a JSC with an adopted legal and financing framework agreement. In addition to funding for local infrastructure and service delivery improvements, the proposed program would also provide support to strengthening the governance and financing structure for accountable and financially sustainable local services through capacity building and institutional strengthening. The third component would finance program management, implementation support, and monitoring & evaluation.

Component 1: Transfers for local planning and basic service provision. This component would support establishing a simple and transparent transfer mechanism to LGUs to ensure basic functions for (a) local planning, in particular service delivery improvement plans; (b) basic service provision, i.

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e., selected local and community services provided by VCs; and (c) related minimum administrative functions. LGUs that meet basic eligibility criteria would qualify for a simple formula-based per-capita transfers and capacity building support. The underlying assumption is that small LGUs need to be strengthened in their representation and planning function to be in a position to delegate service provision to a joint entity. Would be important to add here ways this component will incorporate a strong citizen engagement. Lessons learned demonstrate that joint service provision for core municipal infrastructure and services will be crucial to leverage economies of scale, but will require a bottom-up community-driven approach to complement top-down activities. The recently closed Bank-financed Village and Neighborhood Development Project (VNDP) has established an effective Community Driven Development (CDD) approach in the West Bank and Gaza to finance crucial community and social service needs, while building the social capital required for bottom-up municipal consolidation and joint service delivery. The VNDP had promoted a gender-integrated approach to community planning and prioritization, such as minimum requirements for representation of women in project support groups. In addition, the VNDP had a requirement that 70% of the implemented community projects would benefit women and other marginalized groups, such as youth. The MDLP has built in specific requirements for gender-integration in Investment Planning and citizen engagement. Component 1 in the proposed operation will build on this experience to ensure women are participants in the bottom-up schemes. Component 1 would build on and further scale-up that approach, in particular to ensure women participate effectively in the bottom-up planning schemes. While Institutional strengthening support to the LGUs will build on the experience of MDP and VNDP, this new program will tailor capacity building packages to address the specific needs of small LGUs and JSCs and in upgrading of both their technical capacity and efficacy for citizen engagement and gender inclusion.

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Component 2: Investments in local infrastructure and joint services. This component would provide financing for larger-scale investments in crucial local infrastructure and services provided by collaborative mechanisms of joint service provision, including but not limited to solid waste collection and transport, extension and/ or rehabilitation of existing water supply and sewage networks, and rehabilitation of inter-village roads. The component would provide a strong incentive for inter-village cooperation by allocating significant funding for investments that would exceed the capital expenditure and management capacity of qualifying individual LGUs, but be ass ociated with significant service delivery improvements. LGUs would be eligible to access funding under this component upon establishing a joint service provision entity with clear legal and financing arrangements following a model template to be developed by the MoLG. VNDP has primarily financed small-scale community infrastructure and social services. This approach has proven to be effective in supporting social cohesion and building social capital in targeted communities and would remain a focus area of component 1. However, in addition to that, this larger allocation window under component 2 would address critical investment needs to fill gaps in basic service delivery that VCs cannot achieve on an individual basis. Most VCs are member of a JSC and the proposed program does not envision establishing new entities. However, the majority of existing JSCs does not perform well, lacks sustainable recurrent funding sources and suffers from weak accountability. Hence, the proposed program would put strong emphasis on strengthening existing entities by making access to funds conditional to meeting minimum criteria. LGUs would be eligible to access funding under this component upon (i) meeting the basic eligibility criteria of Component 1; and (ii) joining or establishing an entity for joint service provision with clear governance and financing arrangements meeting the program “graduation criteria”. In the case of JSCs comprised of both municipalities and VCs, the funds would exclusively benefit communities in member VCs or marginalized communities, i.e., investments would be geographically located in their jurisdictions, to prevent distorting the MDP performance incentive mechanism targeting municipalities. In addition,

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investments under this component need to adhere fully to existing line ministries' sector strategies.

Component 3: Program management, implementation support, and monitoring & evaluation. This component would finance costs associated with implementation of the program. It would also finance capacity building activities to support institutional strengthening of the implementing agency.

Eligibility criteria. Two sets of eligibility criteria would be proposed. LGUs would need to meet basic criteria to access funding under Component 1 ("entry criteria"). The entry criteria would aim at assuring that basic mechanisms of LGU accountability and transparency are in place and are defined as: (i) approved planned and actual annual budgets are publicly disclosed; (ii) regular council meetings take place and minutes of meetings are publicly accessible; (iii) a Local Service Delivery Plan exists and was endorsed by the community. Further to that, LGUs would need to meet "graduation criteria" to become eligible for financing provided under Component 2. Main emphasis would be given to supporting the establishment of Joint Service Councils with a clear governance and financing structure, defined as: (i) member LGUs have adopted a joint service provision arrangement with clear performance standards and accountability; (ii) transparent financing structure and cost-recovery targets have been agreed (fees, transfers, subsidies); (iii) clear reporting and decision making arrangements are in place.

Selectivity and targeting. In addition to a per-capita allocation to LGUs meeting the entry criteria, it was proposed that the allocation formula should also include equalization elements to target lower income and marginalized communities. Criteria are yet to be developed and agreed, but may include, among others, household expenditure, LGU per capita revenues/ expenditure, or other income or service level related indicators.

Financing per component. The specific amounts allocated to each component would be defined during program preparation, once the overall funding envelope will be known, subject to available co- and parallel financing from DPs. However, it is expected that the majority of project funds for the first cycle would be allocated to Component 1 to reach a significant enough number of LGUs with sufficient funds to provide an incentive to participate in the program. Investments funded under Component 2 are expected to be larger in size, but are likely to target fewer locations. Specific allocations under Component 2 would be subject to (i) identification of feasible sub-projects proposed by qualifying LGUs; and (ii) funding availability. Both are to be defined during program preparation. However, indicative fund distribution is expected to be around 70-75 percent for Component 1; and around 25-30 percent for Component 2.

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

While the project is expected to finance services deemed necessary to support community needs including in areas such as (e.g., road rehabilitation, school rehabilitation, extension/ rehabilitation of existing water networks,.), a sub-project level screening process will ensure that all activities will be excluded that would cause direct economic and social impacts cause by the involuntary taking of land resulting in: relocation or loss of shelter; loss of assets or access to assets; loss of income sources or means of livelihoods, whether or not the affected persons must move another location. In addition, the sub-project level screening will ensure there is no restriction of access to designated parks or protected areas caused under the project. Therefore OP 4.12 will not be triggered. Land requirements, if any, are expected to be very modest in scope and will be met through state owned lands or in some instances land donated by communities. In cases where communities may agree to voluntarily provide land in exchange for the desired community goods, OP 4.12 would not apply.

Land donations however, can only be voluntary if the infrastructure is not location specific (i.e., dams, reservoirs).

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The Bank will ensure that LGUs have the genuine capacity to screen for, and exclude, subprojects for financing that would trigger OP 4.12 as per impacts described above. Should any gap in capacity be evident, these will be met through client training, and/or a combination of ensuring staff with the appropriate skills are in place.

E. Borrowers Institutional Capacity for Safeguard Policies

The Municipal Development and Lending Fund (MDLF) will be the implementing agency for this program. Although MDLF has experience managing social risk issues through its implementation of the Bank-financed Municipal Development Project 1 (MDP1) and MDP2, the World Bank will provide additional support as needed to ensure proper screening of sub-projects. In addition, given that MDLF has limited work experience with small LGUs and marginalized communities, any gaps in social risk monitoring will be met through client training, and/or a combination of ensuring staff with the appropriate skills are in place.

F. Environmental and Social Safeguards Specialists on the Team

Hana Salah (MNSSU)

Zeyad Abu-Hassanein (MNSWA)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

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Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	The project components are expected to finance physical infrastructure projects in the targeted communities in different sectors such as water supply, wastewater, solid waste management, road rehabilitation, among others. Project is assigned environmental category "B" and according to OP 4.01, an environmental and social management framework (ESMF) will be prepared by the client prior to appraisal. The ESMF will cater for screening all funded sub-projects for potential environmental and social impacts, will exclude any category "A" sub-projects or sub-projects that may trigger safeguards policies other than OP 4.01, and ensure that specific sub-project EMPs are prepared and included in the bidding documents.
Natural Habitats OP/BP 4.04	No	No natural habitats are expected to be impacted by project activities.
Forests OP/BP 4.36	No	No forests are expected to be affected by project activities
Pest Management OP 4.09	No	No pest management materials and/or equipments are financed under the project.

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Physical Cultural Resources OP/ BP 4.11	No	No physical and cultural resources are expected to be impacted by project activities. A chance finds procedure will be included in the ESMF.
Indigenous Peoples OP/BP 4.10	No	No indigenous people are expected to be impacted by project activities.
Involuntary Resettlement OP/BP 4.12	No	While the project is expected to finance services deemed necessary to support community needs including in areas such as (e.g., road rehabilitation, school rehabilitation, extension/ rehabilitation of existing water networks,.), a sub-project level screening process will ensure that all activities will be excluded that would cause direct economic and social impacts cause by the involuntary taking of land resulting in: relocation or loss of shelter; loss of assets or access to assets; loss of income sources or means of livelihoods, whether or not the affected persons must move another location. In addition, the sub-project level screening will ensure there is no restriction of access to designated parks or protected areas caused under the project. Therefore OP 4.12 will not be triggered. Land requirements, if any, are expected to be very modest in scope and will be met through state owned lands or in some instances land donated by communities. The criteria or good practice principles for usage of donated lands will be followed. The Bank will ensure that LGUs have the genuine capacity to screen for, and exclude, subprojects for financing that would trigger OP 4.12 as per impacts described above. Should any gap in capacity be evident, these will be met through client training, and/or a combination of ensuring staff with the appropriate skills are in place.
Safety of Dams OP/BP 4.37	No	No dam construction or rehabilitation activities within the scope of project.
Projects on International Waterways OP/BP 7.50	No	Sub-projects will not have any significant impacts on any international waterways
Projects in Disputed Areas OP/BP 7.60	No	not applicable

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 31-Aug-2014

[1] Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

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B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing[1] should be specified in the PAD-stage ISDS:

The Environmental and Social Management Framework will be prepared by client, approved by the Bank, and disclosed locally and on infoshop prior to appraisal date.

IV. APPROVALS

Task Team Leader:	Name: Bjorn Philipp	
Approved By:		
Regional Safeguards Coordinator:	Name: Maged Mahmoud Hamed (RSA)	Date: 24-Jun-2014
Sector Manager:	Name: Franck Bousquet (SM)	Date: 24-Jun-2014

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