

**West Bank and Gaza
Local Governance and Service Improvement Program (LGSIP)**

Environmental and Social Systems Assessment (ESSA)

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SUMMARY

Context and Objectives

An Environmental and Social Systems Assessment (ESSA) has been prepared for the World Bank's Local Governance and Services Improvement Program (LGSIP) to be funded by a Program for Results (PforR) financing instrument. The ESSA examines environmental and social management systems that are applicable to the Program in order to assess their compliance with the Bank's Operational Policy OP/9.00 that applies to PforR financing. It aims to ensure that the Program's environmental and social risks will be managed adequately and that it complies with the basic principles of sustainable development. Paragraph 8 of OP 9.00 describes the core principles of environmental and social management that must be met in the ESSA. These core principles are as follows:

Environmental Management Systems:

- Promote environmental and social sustainability in the Program design; avoid, minimize, or mitigate adverse impacts, and promote informed decision-making relating to the Program's environmental and social impacts
- Avoid, minimize, or mitigate adverse impacts on natural habitats and physical cultural resources resulting from the Program
- Protect public and worker safety against the potential risks associated with: (i) construction and/or operations of facilities or other operational practices under the Program; (ii) exposure to toxic chemicals, hazardous wastes, and other dangerous materials under the Program; and (iii) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards

Social Management Systems:

- Manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement, and assist the affected people in improving, or at the minimum restoring, their livelihoods and living standards
- Give due consideration to the cultural appropriateness of, and equitable access to, Program benefits, giving special attention to the rights and interests of the Indigenous Peoples and to the needs or concerns of vulnerable groups
- Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

The ESSA evaluates the compatibility of the Program's systems with the core principles on two basic levels: (i) the systems as defined by laws, regulations, procedures, etc. (the "system as defined"); and (ii) the institutional capacity of implementation entities under the Program to effectively implement the system (the "system as it is applied in practice"). It identifies and analyzes the differences between the national systems and the core principles that apply to the Program on the two levels indicated above.

ESSA Approach

In order to assess the existing systems as well as analyze how this system is implemented, the following activities have been conducted:

- ***Baseline Data Collection:*** The Baseline Data presents a comprehensive outline of systems for environmental and social management in Palestine that are applicable to

LGSIP, and management of impacts typical to small- to medium-scale urban infrastructure projects. This includes the legal and regulatory frameworks, institutional roles and responsibilities, and gap analyses between these and OP/BP 9.00.

- ***Systems Analysis and Action Plan:*** The ESSA Analysis builds on the baseline data collected and presents an analysis of these systems vis-à-vis the core principles of OP/BP 9.00. The Analysis employs an approach of Strengths-Weaknesses-Opportunities-Threats in order to examine the policy and performance gaps and formulate actions. The Action Plan outlines measures agreed between the Government and Bank to strengthen environmental and social management systems and fill the gaps. These actions were then embedded in the overall Program Action Plan found in the Program Appraisal Document (PAD).

The ESSA process has benefitted from a broad range of inputs, including:

A *desk review* including:

- A ***legal and regulatory analysis*** of policies, laws, regulations, and sector-specific guidelines related to environmental and social impact assessment, participatory planning, decentralization, resettlement and compensation, and social inclusion.
- Aide Memoires (AMs), Implementation Status Reports (ISRs), and Implementation Completion Reports (ICRs) and technical documents, including Environmental and Social Management Frameworks, Environmental and Social Impact Assessments, Customer Satisfaction Surveys, Operations Manuals, Municipal Development Programs (MDP-I, MDP-II, MDP-II AF), Village and Neighborhood Development Project (VNDP), and Emergency Municipal Service Rehabilitation Projects (EMSRP-I and EMSRP-II), all projects that include municipal infrastructure works implemented by Local Government Units (LGUs).
- Field visits to a representative sample of LGUs including Village Councils (VCs), Joint Service Councils (JSCs), and Ministry of Local Government (MoLG) District Offices (DOs), which included collection of baseline information on existing conditions of the natural and built environments, and consultations with LGU technical staff as an input to the capacity and performance assessment. A representative sample of LGUs to visit was selected to take into account population, geographic variation (different governorates in the West Bank). Survey data was collected from all LGUs by a consultant to complete information on human and financial resources and management practices.
- Meetings, interviews, and workshop sessions were conducted with government agencies, the MoLG, District Offices, the Municipal Development and Lending Fund (MDLF), VCs, JSCs, and Development Partners (DPs).

The ESSA process includes comprehensive stakeholder consultations and disclosure of the ESSA Report following the guidelines of the World Bank's Access to Information Policy. The ESSA consultation process is embedded in the Program consultation process and includes the following activities:

- **Document Dissemination and Public Comment Period:** The final draft of the ESSA report will be disclosed publicly through the World Bank's Infoshop and public comments will be solicited during a period defined and reserved for comments.

- **Consultation Event:** A public consultation event was held on May 13, 2015, where the ESSA was presented and stakeholders, including NGOs, LGUs and implementing agencies were invited to offer inputs on the findings and recommended actions in an interactive format. The ESSA was disclosed and distributed in advance of the event;
- **Technical Workshop:** A workshop for technical staff with MoLG and other staff tasked with environmental and social management was held on May 14, 2015 to gain inputs on the technical manual for Environmental and Social Management. Environmental and social management (including system enhancements built into the Program and the criteria used to assess LGUs performance) were discussed in the workshop.
- **LGSIP Workshop:** A workshop was held for MDLF on May 14, 2015 to gain inputs on the technical manual for Environmental and Social Management. Environmental and social management (including system enhancements built into the Program and the criteria used to assess LGUs performance) were discussed in this workshop.

Feedback from stakeholders has been instrumental in designing and revising the Program Action Plan, indicators, and technical manual.

Institutions, roles, responsibilities and coordination

The Program will use existing government systems. Hence, implementation will be carried out by VCs, JSCs or similar joint service provision arrangements, the MoLG, and the MDLF. MoLG has the legal mandate for local government affairs and is in charge of overall policy setting and supervision. The MoLG will have the lead responsibility for overall coordination and oversight in the sector. Within its mandate, the MoLG will also lead implementation of sub-program one (annual capital grants to VCs) and sub-program three (institutional strengthening and capacity building). The MDLF will be responsible for managing of sub-program two (conditional grants for joint projects) and function as the Program Secretariat providing implementation support across the Program, including performing the Program management functions required under LGSIP. MDLF's responsibilities to provide Program implementation support will include preparing the Program financial statements, organizing the Program audit, preparing and updating the Program Operational Manual (POM), and compiling reporting on results and DLIs. The Program Secretariat will report to the Program Committee, chaired by the Minister of Local Government and headed by the Deputy Minister. The MoF will be responsible for ensuring that disbursements under LGSIP are carried out in line with the agreed timeframe.

Program Environmental and Social Risks

Main environmental risks

The investments under LGSIP are intended to have substantial sustainability outcomes through improved LGU service delivery. The benefits will vary by LGU depending on the context and investment choices, but community benefits are likely to include reduced environmental degradation and sanitary conditions through improved waste management systems; lower vehicle operating costs, reduced transportation costs, fewer road accidents and reduced traffic congestion as a result of improved road conditions and improved access to public transport

services; and reduced risk of flooding and soil erosion as a consequence of drainage improvements.

While the investments of LGUs are discretionary based on community priorities, LGUs can choose from an “investment menu” of small- to medium-scale civil works includes upgrading of existing roads, solid waste management, transportation infrastructure such as bus and truck stands, markets, drains, and recreational parks, and rehabilitation and expansion of water and wastewater facilities.

Based on the scope and scale of projects to be financed under LGSIP, environmental and social impacts are expected to be minimal to moderate in scale, with most adverse impacts limited to the construction phase and being site-specific and temporary. All investments will undergo an environmental and social impact assessment process per environmental systems. These procedures are outlined in the Program Environmental and Social Technical Manual (ESTM), which is currently under preparation by the Program Manager (MDLF) with technical guidance from the Bank, and consultations with technical staff at the national and LGU levels. Most adverse effects associated with the types of works funded by the LGSIP are associated with the construction phase.

Potential adverse environmental effects include air pollution from dust and exhaust; nuisances such as noise, traffic interruptions, and blocking access paths; water and soil pollution from the accidental spillage of fuels or other materials associated with construction works, as well as solid and liquid wastes from construction sites and worker campsites; traffic interruptions and accidents; and accidental damage to infrastructure such as electric, wastewater, and water facilities. These types of impacts, however, are generally site-specific and temporary. Experience from implementation of similar types of urban works in Palestine indicates that short-term construction impacts for the most part can be prevented or mitigated with standard operational procedures and good construction management practices. These procedures will be included in the technical manual, and be a standard part of environmental management plans included in bidding documents for contractors.

While no large-scale or high-risk projects are expected, the screening process in the ESMM will include criteria to exclude certain categories of projects as well as projects of a scale that would include significant negative impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people. Such types of investments are excluded from the Program (per OP/BP 9.00). In addition to screening for significant impacts, the following exclusionary criteria apply to works financed with the LGSIP:

- Works involving relocation of people or impacting livelihoods;
- New landfills or waste water treatment plants;
- Activities that would significantly convert natural habitats or significantly alter potentially important biodiversity and/or cultural resource areas.

Main social risks

Activities to be supported by the Program are expected to generate socio-economic gains and have an overall positive effect. Adverse social impacts are anticipated to be low. Any land requirements (temporary or permanent) for investments to be financed under the Program will be met through lands that are under the ownership of VCs or JSCs. The exclusion will cover sub-projects involving relocation of households, temporary or permanent land take, and impacts on livelihoods, including those that may occur through restriction of access to resources. To

screen out for these exclusions, the Program will rely on guidelines in the technical manual, which will include a rigorous sub-project screening process to be done by LGUs. In cases where the LGUs may purchase land through a willing-seller willing-buyer approach or in cases of voluntary land donation (VLD), the LGUs will need to document for power of choice. During consultations, LGUs expressed the need for clear guidelines and training related to the sub-project screening process and VLD.

The ESSA did not identify indigenous peoples in the West Bank or specific groups of vulnerable persons that might be negatively affected by the Program. Moreover, the nature of the proposed activities at the LGU level does not suggest that specific vulnerable groups could be harmed by the Program. The design of the Program aims to foster integration of vulnerable groups such as women, youth, disabled and elderly through the Program design, including the development of the appropriate social accountability mechanisms. Vulnerable groups will be involved in all aspects of Program, including consultations related to sub-project selection and monitoring of implementation. Minimum quotas are in place for the participation of women and youth in consultations as part of the Annual Investment Planning. The LGUs will receive training in participatory consultations and participatory M&E with a focus on women and youth. In addition, the training will focus on the importance of ensuring equitable access to vulnerable groups of benefits of sub-projects, including access to elderly and disabled for minor civil works. Periodic satisfaction surveys and citizen scorecard reports would help monitor the inclusion of vulnerable groups and propose corrective measures if needed.

While the West Bank and Gaza is considered a conflict and fragile state, there is little risk that the Program itself will be the source of social conflict. However, some cases of conflict and some grievances may occur during project implementation. Where grievances and disputes arise in projects, vulnerable groups are often unable to access legal systems due to costs. The design of the program aims to minimize social conflict through the development of appropriate consultations and a Grievance Redressal Mechanism. LGUs will be required to have a functioning GRM for project level complaints with the following key features: accessibility to communities, recording of complaints in a log (date received, date responded to, complaint, how resolved, when resolved) and responding in writing in a timely manner. Complaints can also be received by the MoLG, which will have the same features as that of the LGUs. For urgent issues that LGUs cannot handle, they will immediately inform the staff within the MoLG (for activities of sub-component 1& 3) /MDLF (for activities of sub-component 2) to assist with responding to the complaint. In terms of monitoring the GRM, LGUs will be required to submit the log of complaints on a monthly basis to the MoLG (for activities of sub-component 1& 3) /MDLF (for activities of sub-component 2). MDLF will share the monthly logs it receives with MoLG.

Assessment of Environmental and Social Systems

Environmental management system

Projects currently implemented by LGUs primarily employ Palestinian systems for environmental and social management, which were assessed through the ESSA. The ESSA conducted an analysis of existing systems for environmental and social management for consistency with the core principles of OP/BP 9.00. The main gaps in the Environmental Management System are summarized below.

Gaps in the system as written: The principles pertaining to environmental systems under OP/BP 9.00 are considered in terms of environmental and social management for urban municipal infrastructure projects that are implemented at the LGU level. Because there is no specific system already in place as there would be for a phased World Bank project (e.g. an Environmental and Social Management Framework), the assessment focuses on the national systems and how they relate and function at the LGU level.

A gap analysis was undertaken, which 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 OP/BP 9.00 – processes are designed to promote sustainability, address environmental and social impacts, and serve as a decision-making tool. However, there are gaps in the system, outlined below, which were identified in the ESSA and will be included in the ESMM:

- **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 is a notable mismatch 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 fall in the requirement for a full ESIA and considered on the “Type A” in a form of a category list that is mostly would be considered as having significant impacts by World Bank standards. While the projects to be financed and implemented by LGUs are highly unlikely to cause Category A-level impacts by World Bank standards, as these are ineligible for financing under the Program, there will be need to be clearer criteria included in project screening that more closely aligns the two definitions for Category “A” projects that are excluded from the scope of the Program and the terms of reference for the ESIA to be conducted for “Type B” projects that are likely to be financed under the P4R program.
- **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, 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.

Gaps in the system as applied in practice: With a large number of LGUs of varied size included under LGSIP (VCs and JSCs), capacity varies widely between them – some have well-functioning technical engineering departments that are usually tasked for environmental and social management and coordinate with MoLG district offices on these issues, as well as promote overall sustainability in their communities. Others have low levels of staff that may be missing expertise and coordination systems to manage impacts and contribute to development planning in their village councils.

The overarching finding is that, while impacts are generally managed and there have been few major issues, most LGUs do not have systems in place for the ESIA process, collecting and managing environmental and social data, nor a clear mandate for environmental and social management. Many donor projects have attempted to bridge this gap with Environmental and Social Management Frameworks, and the shortcomings underpin the main challenges that have been found in implementing safeguards in other projects implemented at the local level: screening checklists are not commonly used at the local and central levels, LGUs do not systematically monitor environment and social impacts, and environmental and social management often remains outside of the planning and decision-making process. The reasons are largely structural difficulties – despite these, impacts from projects have been managed fairly well, and that in the LGU there is recognition of environmental sustainability and the desire for projects to contribute to better sanitation, reduced pollution and a better quality of life, as well as strengthened institutions. Findings during field studies and consultations with national counterparts suggest that on both levels there is a strong willingness to work through the issues described below, and recognition of the opportunities of the Program to address issues that are compromising environmental and social management (ESM) in local governments.

The main issues are summarized below, which are addressed in the Program through measures included in the Action Plan, Program indicators and World Bank implementation support:

- ***Centralized management:*** Once a project is identified, environmental and social management is largely in the LGU's hands, however many of the decisions are handled by central authorities, e.g. contracting ESIA consultants, the ESIA review process, consultations and auditing implementation is overseen by program manager (MDLF and MoLG). The day-to-day implementation of the environmental and social management plans (ESMPs) will be the duty of the LGUs staff with capacity building sought from the consultants. This break in delegation from the beginning sets projects on a trajectory where, though the direct impacts and risks are modest, implementation is not systematically monitored as the central agency does not have the capacity to monitor all projects and the LGUs have no existing capacity to do so either.
- Another finding from the fieldwork and interviews is that highly centralized natures of ESIA process can slow the project cycle as even projects with minimal impacts require an environmental screening by the central authorities in order to obtain an environmental certificate required of all projects, there can be long delays in obtaining certificates. It was observed that in light of delays, projects have gone forward without the required certificate. Because LGUs do not have clear role, this leaves some projects with little oversight.

- **Human Resource Capacity:** Most LGUs have different staff who are involved in ESM: Community Development Officer, planners, engineers and other sector staff who exist within the LGUs. Rarely, LGUs have an Environmental or Social Management Officer. Overall capacity for ESM and ESIA is generally quite low (though it varies across LGUs). Field visits showed that most LGUs staff are not trained to handle a technical task such as the ESIA process. Additionally, LGUs are not able to hire their own specialized staff for this purpose. This is where the lack of a well-defined system at the local level and a clear methodology for coordination on the governorate and central levels are needed.
- **Budget Resources and Tools:** Budget has been a common constraint to optimal ESM. There has been pressure from the donor community to include a line item from project's budgets for environmental and social management and ESM monitoring on the central level, funds rarely flow or that they are inadequate for staff to actually carry out ESM requirements, where technical staff had limited resources to conduct their field tasks, lacking vehicles and environmental monitoring equipment as well.
- **Performance Incentives:** Many of the issues identified and the lack of effective action to date on all of the aforementioned issues reflect the incentive structure of how development funds are transferred to LGUs. As mentioned above and described in more detail in the Program Appraisal Document, LGU's performance-based grant system links LGU performance in key areas of local governance with compliance with national policies, legal and regulatory frameworks.

Despite the key role local governments play in environmental and social management and compliance with relevant laws, these elements are neither included in LGU's minimum conditions to access the grant nor in indicators that incentivize good performance. Environment and Social is included as a cross-cutting issue along with poverty, gender, governance issues, but the performance indicator is an aggregate of all of these issues together, and only requires that LGUs undertake an analysis of these issues to be included in their development planning process.

The minimum conditions and performance indicators have important implications for where LGUs direct budget resources and staff priorities. Without any performance measurements or sanctions for low performance (that is, if there are no consequences for poor performance), budgetary resources are in most cases not directed in these areas).

System Strengths: Despite the gaps in the system, there are many positive practices in LGUs and at the national level that are important to consider, as these can be both capitalized upon as well as strengthened through the performance incentives under LGSIP as well as support for capacity building. First, despite clear roles and responsibilities, environmental and social impacts implemented by LGUs have been managed fairly well on the MDLF and MoLG levels. Supervision reports and field visits have noted no major impacts that have gone unmitigated, both in small-scale infrastructure (e.g. Local Government Support Project and larger urban projects) of World Bank projects.

- Second, the field visits noted that some LGUs have made very effective use of laws related to ESM, for example, improved solid waste management by sanitation-specialized (both wastewater and solid waste) Joint Service Councils. .

- Both MoLG, MDLF, and JSCs are supportive of measures to strengthen systems, and are familiar with programs that have attempted to do so in the past. While these systems have had some lasting impact but have not managed to fully mainstream a system of environmental and social management in LGUs, an aspect that will be addressed in the P4R design.

Assessment of social management systems

As detailed above, sub-projects will be excluded that involve the relocation of households, temporary or permanent land take and impacts on livelihoods, including those that may occur through the restriction of access to resources. Land requirements will be met through those under the ownership of LGUs and, in some instances, through voluntary land donation or through the purchase of private land through a willing-seller willing-buyer approach. The Palestinian Environment and Social Impact Assessment (ESIA) Policy does not provide any guidance on VLD, including documentation of consent. Also, the ESIA policy does not include any information on social risk monitoring during sub-project implementation. Guidelines for LGUs will be provided on VLD and on social risk monitoring in the Program Environment and Social Technical Manual (ESSM). Capacity building for LGUs is also planned in these areas.

The process of identifying sub-projects and Program activities should be participatory, interactive and consider the needs and priorities of local populations. LGUs report that sub-project selection is mostly done informally, not recorded and not representative. The design of the Program supports a participatory process that allows people to be involved in identifying needs in the development, implementation and monitoring of program activities. Capacity building will be provided to LGUs on consultations of beneficiaries at various stages of selection and implementation of sub-projects.

Based on the Palestinian Council Resolution No. 60 in 2005 mandating the development of a complaints mechanism in all ministries, a complaints department exists within the MoLG including a manager and two staff. Despite the existence of this department including key aspects of a formal complaints system (documentation of complaints and responses, timely responses, a log of all complaints received-date received, date responded to, type of response, etc.), consultations confirmed that local communities are not aware of this system. In addition, complaints are overwhelmingly dealt with informally at the LGU level and not documented. The Program provides capacity building to LGUs on how to process, receive and address grievances.

Elements to Incorporate into the Program Action Plan

Although the environmental and social impacts of activities under the LGSIP are ranked from low to moderate, the Program provides an opportunity not only to strengthen the weaknesses in the procedures mentioned above to identify and mitigate these effects, but also to strengthen the entire system in three areas: (i) strengthening of environmental and social management, (ii) ensuring implementation of good environmental and social management; and (iii) monitoring of environmental and social management. To fill the gaps identified in the ESSA, MoLG and MDLF will support specific measures to enhance West Bank's environmental and social management system performance. These measures will be implemented through two main areas, namely the revision of the Technical Manual and capacity building.

These measures have been consolidated into the ESSA Action Plan that guides the overall formulation of the Program. Implementation by LGUs of environmental and social procedures contained in the Program Technical Manual will be one of the performance criteria in the

Program's Evaluation System that will be implemented for the LGSIP. The implementation of some of these measures will be enhanced by their integration into the overall Program Action Plan, with the agreement of the Government of Palestine, and/or legally incorporated into the financing agreement of the Program. These actions are grouped into three areas: i) actions to strengthen the environmental and social management; ii) actions to strengthen the implementation and monitoring of the system; and iii) capacity building actions in environmental and social management.

Strengthening of environmental and social management system

Recommended actions under this theme are summarized below:

- Technical Manual revised before launching of the Program.
- LGU staff assigned to environmental and social management.
- Establishment of a LGU complaint resolution mechanism.
- Consultation and public disclosure of environmental and social documents.
- Creating a system of environmental and social monitoring.

Strengthening of implementation and monitoring of the environmental and social management system

Recommended actions under this theme are summarized below:

- Application by LGUs of environmental and social procedures documented in the Technical Manual.
- Prior approval of the environmental and social review forms.
- Public disclosure of the ESMP.
- Supervision of works by LGU technical staff in charge of environmental and social management.
- Implementation by LGUs of sub-project screening procedures documented in the Technical Manual.
- Implementation by LGUs of voluntary land donation procedures documented in the Technical Manual.
- Monitoring of complaints and issues related to environment and social impacts as part of the formal Grievance Redressal Mechanism.
- Implementation by LGUs of mitigation and compensation measures.
- Reporting of environmental and social issues by LGUs.
- Assessment of mitigation and compensation measures.

Strengthening of environmental and social management capacities

Recommended actions under this theme are summarized below:

- Integration of environmental and social management in the Program capacities strengthening plan.
- Training in environmental and social management for technical staff and officials.
- Training expanded to financial aspects of environmental and social management.
- Training on sub-project screening for social impacts, including exclusionary criteria for involuntary resettlement and land acquisition and matters related to livelihoods and vulnerable groups.
- Training of the MoLG/MDLF and LGUs on the development and implementation of a GRM.
- Training on procedures for voluntary land donation.
- Creating a training program for LGUs on environmental and social management.

- Integration of requirements for information and public consultation in the training program on environmental and social management.

Acronyms

ACIP	Annual Capital Investment Plan
AfD	French Agency for Development (Agence Française de Développement)
BTC	Belgian Development Agency
CDD	Community-Driven Development
CPS	Country Partnership Strategy
DLI	Disbursement Linked Indicator
DP	Development Partner
EU	European Union
EMP:	Environmental Management Plan
EIA:	Environmental Impact Assessment
ESMF:	Environmental and Social Management Framework
EMP:	Environmental Management Plan
ESMP:	Environmental and Social Management Plan
ESSA:	Environmental and Social Systems Assessment
ESTM:	Environment and Social Technical Manual
GG	Good Governance
GGIB	Governance and Institutional Building
GiZ	The German Society for International Cooperation (Deutsche Gesellschaft Für Internationale Zusammenarbeit)
GoI	Government of Israel
GRM	Grievance Redressal Mechanism
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IRA	Integrated Risk Assessment
ISN	Interim Strategy Note
JSC	Joint Services Council
KfW	Kreditanstalt für Wiederaufbau
LGU	Local Government Unit
LGSIP	Local Governance and Services improvement Program
MC	Minimum Condition
MDLF	Municipal Development and Lending Fund
MDP	Municipal Development Program
MoLG	Ministry of Local Government
NDP	National Development Plan
PA	Palestinian Authority
PAD	Project Appraisal Document
PDO	Project Development Objective
PforR	Program for Result
SDC	Swiss Development Cooperation
SDIP	Strategic Development and Investment Planning
TA	Technical Assistance
VC	Village Council
VLD	Voluntary Land Donation
VNDP	Village and Neighborhood Development Program
WBG	West Bank and Gaza

I. Introduction

1.1 Context and Program Objectives

The Palestinian Authority (PA) was initially established for a five-year interim period after the Oslo Accords in 1993 with responsibility for the administration of the territory under its control. However, the Oslo accords were never fully implemented and came to full halt with the beginning of the second Intifada in 2000. The consequence today is a multilayered system of physical, institutional and administrative restrictions which have fragmented the Palestinian territories into small enclaves. The fragmentation goes beyond a West Bank and Gaza (WB&G) divide, with the West Bank further divided into Areas A, B and C¹, each with its concomitant administrative and security arrangements.

In early June 2014, the PA announced the forming of a unified government to cover the total geographic area of WB&G for the first time in seven years. However, this was not implemented, when a new conflict broke out in Gaza in July and August 2014, which resulted in serious damages on infrastructure in Gaza and a need for subsequent reconstruction. An agreement for a ceasefire was finally signed by both parties on August 26, which has been maintained so far but the fragility remains.

The Palestinian economy fell into recession in 2014 for the first time since 2006 following a sharp economic contraction in Gaza. Preliminary estimates indicate a decline of 0.4 percent in 2014 due to a contraction of nearly 15 percent in Gaza's real GDP, primarily as a result of the war that extended over 52 days in Q3 2014. On the other hand, it is estimated that real growth in the West Bank exceeded 5 percent, mainly driven by exports and private consumption fueled by bank loans. Public finances performed better than expected in 2014, but the Government of Israel's (GoI) decision to withhold Palestinian taxes since January 2015 has triggered a fiscal crisis of sorts. The recurrent deficit before grants was reduced by about 1 percent of GDP in 2014 as a result of strong revenue performance. In early 2015, the GoI decided to withhold customs and VAT duties it collects on behalf of the PA after the latter applied for membership in the International Criminal Court (ICC). Without as much as 70 percent of its revenues, the PA has resorted to cash rationing, paying only 60 percent of staff salaries, delaying expenditures and increasing its stock of arrears to the private sector and the pension fund. It has recently been reported that the GoI will soon resume the transfer of these revenues.

Sectoral and Institutional Context

With increasing political and geographical fragmentation over the last two decades, Local Government Units (LGUs) have gained paramount importance providing services to the local population, particularly in areas where the relatively young central government was politically, geographically, and fiscally constrained. Some of the existing LGUs were created as early as the second half of the 19th century and over decades LGUs have performed under the complexities of different political and legal regimes. Until the PA was established in 1993,

¹ Area A covers 18 percent of the West Bank and is under full Palestinian security and civil control. Area B comprises 21 percent of the West Bank and is under Palestinian civil control and Israeli security control. Area C constitutes about 61 percent of the West Bank territory. It is defined by the 1995 Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip as "areas of the West Bank outside Areas A and B, which, except for the issues that will be negotiated in the permanent status negotiations, will be gradually transferred to Palestinian jurisdiction in accordance with this Agreement. Source: West Bank and Gaza: Area C and the Future of Palestinian Economy. October 2013, World Bank.

LGUs were the only administrative institutions allowed to exist and function officially in the WB&G which was under military order by the GoI. Following establishment of the PA, LGUs were strengthened as means to reinforce a national Palestinian identity at the local level, and to overcome critical institutional and service delivery gaps.

The Ministry of Local Government (MoLG) was established by the PA in 1994. Increasing the territorial administration under the PA's autonomous control was among MoLG's initial objectives, which resulted in creation of several new LGUs. By 1997, the number of LGUs increased from 139 to more than 350. Today, 378 LGUs exist in total, out of which 137 are classified as municipalities and 241 as Village Councils (VCs). The Local Government Law does not distinguish between functional assignments of municipalities and VCs. Although there are no clear criteria established by the MoLG, population size is the main determining factor distinguishing between the two layers of administration.

Recognizing the critical role that LGUs play in delivering local services, the strengthening of LGUs and enabling them to perform as fully functional local governments accountable to citizens is a key priority for the PA. This follows from PA's public sector reform strategic plan outlined in the PA National Development Plan (NDP) 2014-2016 and in the supplemental sector strategies developed by the MoLG. The NDP 2014-2016 is the PA's strategic development program guiding government interventions and donor support in the Palestinian territories. The NDP was approved in May 2014, structured along four key sectors: (1) Economic Development and Employment; (2) Good Governance and Institution Building; (3) Social Protection and Development; and (4) Infrastructure. The PA's strategic priorities and development objectives in the LG sector are included under NDP Sector (2) "Good Governance and Institution Building (GGIB)".

For the sub-sector "Local Government" under GGIB, the PA has a comprehensive program comprising of financing infrastructure, institutional development and capacity building of LGUs. This is described further in the MoLG Strategic Framework 2015-2017, which has been elaborated following approval of the NPD 2014. It includes five strategic directions:

- (i) Establishment of infrastructure and institutional structures able to provide services and strengthen the citizens' resilience in Area "C".
- (ii) Developing local authorities' financial, administrative, and planning capacity in order to be able to fulfill their duties and obligations within the overall orientation towards increasing decentralization.
- (iii) Continuous improvement of the ministry's technical, human, and legal structure to be able to respond to new challenges in, and lead, the local governance sector.
- (iv) Establishment of an effective and flexible legal environment that enables enhancing partnerships in the provision of services and investments between local authorities and the private sector.
- (v) Building the financial and administrative capacity of local authorities to be able to contribute in reconstructing and providing basic services in Gaza.

The PA overall sector program consists of supporting LGUs to deliver infrastructure services in an accountable and responsive manner through a combination of budget allocations, donor financed investment operations, specific investment support for LGUs in marginalized areas, and technical assistance and capacity building for LGUs on selected thematic issues financed by DPs. The World Bank and a number of DPs have been providing support to the PA through

several investment operations. The ongoing Municipal Development Project (MDP) pools funding from nine DPs and the PA to provide capital investment grants and capacity building support to all municipalities. The recently concluded Village and Neighborhood Development Project (VNDP) provided investment support to communities through a Community-Driven Development (CDD) approach that laid the foundations of local accountability at the village level. In addition, several DP-supported programs provide institutional development and capacity building assistance and, to a lesser degree, capital investment funding to VCs. Some of these include: (i) establishing clusters for amalgamation and forms of inter-village cooperation (Belgium, through BTC, and Denmark); (ii) developing systems for revenue collection, in particular property taxation (UNDP, Denmark); (iii) planning, capacity building and infrastructure development (EU, DFID, UN-Habitat, GiZ, BTC); (iv) support to local government policy development and reform (GiZ, BTC, Denmark); and (v) joint service delivery for selected local services, including water supply and solid waste management (World Bank, JICA, BTC).

Although LGUs in total have been receiving capital investment support, the bulk of resources was flowing to municipalities as compared to VCs, given the large investment backlog in more urban areas with a greater number of beneficiaries. VCs received some support through investment operations such as the VNDP. However, those were often focused on small-scale capital investments with a CDD approach. Less attention was given to the institutional development and more systematic consolidation to enable sustainable service delivery against the backdrop of a highly fragmented LGU system with a large number of small VCs. VCs, small in population size and with limited potential for own source revenue generation, face a particular challenge to reach acceptable levels of service delivery at reasonable cost. Often, operation and maintenance cost of new infrastructure has been neglected and cause declining service levels. A large number of small villages makes it difficult to leverage economies of scale in service delivery and presents a major challenge to the long-term financial sustainability. In addition, the current governance and financing structure for local service delivery remains unclear, including for joint service provision arrangements with other LGUs.

Only a small proportion of existing VCs can sustain local service provision. More than 70 percent of the VCs, or around 170, have a population size below 3,000 inhabitants; and even the few relatively larger villages suffer from inefficient service provision, heavy burden of staff salaries, and insufficient technical capacity. Institutional capacity is very limited and many VCs operate without permanent staff. While municipalities have access to funds provided by the Municipal Development and Lending Fund (MDLF), no systematic funding mechanism exists to finance investments in VCs. This leaves a funding gap for the 241 villages and marginalized communities.

The MoLG acknowledges the need to better leverage economies of scale in local service delivery and has tested different models of institutional arrangements. MoLG launched a policy of amalgamation in 2010 with the objective to merge VCs or join them with adjacent municipalities. However, the attempt demonstrated only mixed results. Stakeholders report a general reluctance of VCs to give-up representative functions or their individual cultural identities and local characteristics. Another and more feasible policy for service improvement was the establishment of Joint Service Councils (JSCs), permitted by the Local Authorities Law (1997). It allows LGUs to jointly provide services, planning and development functions. In

total, 91 JSCs exist, out of which 82 in the West Bank and 9 in Gaza. However, the degree of functionality varies greatly with only 55 active JSCs².

Institutional challenges for service delivery by VCs remain significant and require urgent attention, not least because of the fiscal implications for the PA. The current institutional framework and governance structure for joint service provision blurs roles and responsibilities of VCs, JSCs, and public utilities. Financing, management and supervision arrangements are unclear, and weaken both vertical accountability between higher and lower levels of government; and horizontal accountability between citizens, local authorities, and service providers. JSCs have no direct or only weak accountability links to service users and tend to be accountable only to their member LGUs. Unfunded functional assignments, cross-subsidies, and accumulating arrears exaggerate the fiscal stress of central and local authorities. Generally, minimum service level and performance standards remain undefined, with little or no monitoring by VCs and/ or feedback from citizens.

Financial sustainability of local service provision is a critical issue that affects LGUs ability to provide services in an accountable and efficient manner. Vertical fiscal imbalances remain large. The only source of shared revenues and transfers include the Property Tax, Professional Licensing Fees, and Transportation Fees. VCs are only entitled to receiving Transportation Fees, but the allocation and disbursement happens in an ad-hoc and opaque manner. As a result, VCs lack a stable and predictable financing source for meeting their development and capital investment requirements. In addition, investment prioritization and implementation depends largely on central decision making, causing poor accountability of VCs to their citizens.

The PA formulated a village development program to respond to the institutional and financial challenges that VCs face. The PA Village Support program focusses attention on VCs' service delivery responsibilities and provides technical, institutional and financial support to VCs through a combination of PA budgetary support as well as specific Technical Assistance (TA) and investment support by DPs. The Village Support program channels budgetary resources, including the Transportation Fee, and specific earmarked subsidies to the MoLG for infrastructure development in villages. The PA program also includes specific investment support for infrastructure projects in "Area C".

Despite the support provided to date, institutional challenges related to sustainable financing and accountable service delivery remain. The PA recognizes that the current financing model is ad-hoc, too opaque and needs reforms to make it transparent and predictable. Although a clear policy directive exists for establishing JSCs³ to address VC capacity constraints, sufficient incentives need yet to be built into the system to facilitate the formulation, financing and implementation of joint projects among several small VCs. Selected VCs that have the size and capacity to evolve into viable local authorities need further institutional support through a combination of incentives and capacity building that will enable them to function as accountable and financially sustainable local governments.

The PA has made the strategic choice to reform key areas of its Village Support program, focusing on institutional strengthening and reforming the financing mechanism to improve service delivery in villages. The PA requested the World Bank to formulate a results-based

² MoLG 2015: Joint Service Provision Assessment. (carried out as part of LGSIP Technical Assessment)

³ Or other forms of joint service delivery by LGUs e.g. a municipality providing services on behalf of a VC.

Program to support the above results areas under the PA's Village Support program. This reflects a strategic shift with which the PA intends to move away gradually from an "infrastructure delivery" approach with specific sub-projects implemented in a centralized manner towards a more decentralized mode embedded in a sector-wide programmatic approach focusing on local government performance and accountability. An integral element of this approach is the PA's intention to reform the local government financing system, including through a reform of the Transportation Fee allocation and disbursement mechanism. The Local Governance and Services Improvement Program (LGSIP) responds to this intention of the PA.

Program Objectives

The development objective of the proposed program would be to strengthen the local government financing system and improve local service delivery in program villages.

1.2 Environmental and Social Systems Assessment: Aims and Approach

The Environmental and Social Systems Assessment (ESSA) has been prepared by the World Bank with the support and collaboration of the Borrower in the context of preparation of the World Bank's LGSIP-P4R operation.

The ESSA examines the program's systems for environmental and social management to assess their compliance with the provisions of Operational Policy OP/BP 9.00 in order to manage program risks and promote sustainable development. Paragraph 8 of OP 9.00 describes the core principles that must be respected in the ESSA. These core principles are:

Environmental Management Systems

- Promote environmental and social sustainability in the program design, avoid, minimize or mitigate against adverse impacts, and promote informed decision making relating to a program's environmental and social effects.
- Avoid, minimize or mitigate adverse impacts resulting on natural habitats and physical and cultural resources resulting from the program.
- Protect public safety and the safety of workers against the potential risks associated with: (i) construction and/or operation of facilities or other business practices in the program, (ii) exposure to toxic chemicals, hazardous wastes and other dangerous goods under the program; (iii) reconstruction or rehabilitation of infrastructure in areas prone to natural hazards.

Social Management Systems

- Manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement, and assist the affected people in improving or at the minimum restoring, their livelihoods and living standards.
- Give due consideration to the cultural appropriateness of, and equitable access to, program benefits, giving special attention to the rights and interests of the Indigenous Peoples and to the needs or concerns of vulnerable groups.
- Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

The ESSA evaluates the compatibility of the program's systems with the core principles on two basic levels:

- i) the systems defined by laws, regulations, procedures, etc. (the "system as defined"); and

- ii) the institutional capacity of implementation entities under the program to effectively implement the system (the "system as it is applied in practice"). It identifies and analyzes the differences between the national systems and the basic principles that apply to the program on the two levels indicated above.

The preparation of the PforR operation in support of the LGSIP requires the evaluation of the environmental and social system applicable to the program to ensure that it does not lead to significant environmental and social risks, and that the systems put in place allow for appropriate risk identification and mitigation, including the preparation of reports and the disclosure of information on the potential environmental and social impacts related to Program activities.

The ESSA aims to identify the strengths and weaknesses of the environmental and social system applicable to the Program in order to identify necessary actions to improve performance. Specific measures to address the weaknesses or deficiencies identified are proposed in the Program Action Plan. An assessment of environmental and social risks associated with the Program is carried out in light of the Action Plan, and specific monitoring and evaluation measures are proposed accordingly.

1.3 Methodology

The preparation of the ESSA and development of measures to strengthen the system of environmental and social management has benefited from various sources of information and from an extensive consultation process, including:

A *desk review* including:

- A ***legal and regulatory analysis*** of policies, laws, regulations, and sector-specific guidelines related to environmental and social impact assessment, participatory planning, decentralization, resettlement and compensation, and social inclusion.
- Aide Memoires (AMs), Implementation Status Reports (ISRs), and Implementation Completion Reports (ICRs) and technical documents, including Environmental and Social Management Frameworks, Environmental and Social Impact Assessments, Customer Satisfaction Surveys, Operations Manuals, Municipal Development Programs (MDPI, MDPII, MDPIIAF), Village and Neighborhood Development Project (VNDP), and Emergency Municipal Service Rehabilitation Projects (EMSRPI and EMSRPII) – all projects that include municipal infrastructure works implemented by LGUs;
- Field visits to a representative sample of local government units (LGUs) including Village Councils (VCs), Joint Service Councils (JSCs), and MoLG District Offices (Dos), which included collection of baseline information on existing conditions of the natural and built environments, and consultations with LGU technical staff as an input to the capacity and performance assessment. A representative sample of LGUs to visit was selected to take into account population, geographic variation (different governorates in West Bank). Survey data were collected from all LGUs by a consultant to complete information on human and financial resources and management practices.
- Meetings, interviews, and workshop sessions were conducted with government agencies, the Ministry of Local Government (MoLG), District Offices (DOs), the Municipal Development and Lending Fund (MDLF), Village Councils (VCs), Joint Service Councils (JSCs), and Development Partners.

The ESSA process includes comprehensive stakeholder consultations and disclosure of the ESSA Report following the guidelines of the World Bank's Access to Information Policy. The ESSA consultation process is embedded in the Program consultation process and includes the following activities:

- **Document Dissemination and Public Comment Period:** The final draft of the ESSA report will be disclosed publicly through the World Bank's Infoshop and public comments will be solicited during a period defined and reserved for comments.
- **Consultation Event:** A consultation event was held on May 13, 2015, where the ESSA was presented and stakeholders, including NGOs, LGUs and implementing agencies, were invited to offer inputs on the findings and recommended actions in an interactive format. The ESSA was disclosed and distributed in advance of the event;
- **Technical Workshop:** A workshop for technical staff with MoLG and other staff tasked with environmental and social management was held on May 14, 2015 to gain inputs on the technical manual for Environmental and Social Management. Environmental and social management (including system enhancements built into the Program and the criteria used to assess LGUs performance) were discussed in this workshop.
- **LGSIP Workshop:** A workshop for MDLF was held on May 14, 2015 to gain inputs on the technical manual for Environmental and Social Management. Environmental and social management (including system enhancements built into the Program and the criteria used to assess LGUs performance) were discussed in this workshop.

Feedback from stakeholders has been instrumental in designing and revising the Program Action Plan, indicators, and technical manual.

II. PROGRAM FRAMEWORK AND IMPLEMENTATION

2.1 Program for Results

The proposed Program is fully aligned with the strategic pillars defined in the Assistance Strategy for the West Bank and Gaza 2015-2016 (Report No: 89503 GZ). In particular, the proposed Program would directly contribute to achieving pillar No. 1 to "Strengthen the institutions of a future state to ensure service delivery to citizens", in a manner that is aligned with institutional building blocks of the PA's NDP. It targets the outcome area "1.2 Increased transparency and accountability in service delivery", highlighting service delivery by local governments as the backbone. The Assistance Strategy acknowledges that while municipalities have been strengthened and accessed funds for service delivery, VCs have not benefited from ongoing support. Thus, the proposed program would strengthen capacity of small LGUs and JSCs in upgrading both their technical capacity and efficacy for citizen engagement and gender inclusion.

LGSIP would support the World Bank goals of eradicating extreme poverty and boosting shared prosperity. Communities living in VCs have limited access to public services compared to those in municipalities. On average, municipalities have almost three times larger public

expenditure per capita than VCs. Eight percent of VCs don't provide basic and critical infrastructure, e.g., water supply, compared to only 2 percent of municipalities. LGSIP would focus on disadvantaged areas in the West Bank that lack appropriate levels of service provision, but would also contribute to enhanced equity by increasing access to improved local services of Palestinians living in VCs, narrowing the gap to those who reside in municipalities.

LGSIP would use a Program for Results (PforR) financing instrument to leverage financial incentives to achieve results. This is in line with the Bank's long-standing involvement in the Local Government (LG) sector in the Palestinian territories, where the Bank is the Technical Advisor in the "Municipal Development and Local Government" Sector Working Group, chaired by the MoLG, and has been a convening force in establishing the MDLF which today is the main vehicle through which the PA and donors channel investment funds and capacity building to municipalities. Based on its long history in the WB&G, the Bank is in a unique position to lead the process to support the PA in designing and implementing a coordinated and collaborative approach for village development.

Reasons for selecting the PforR financing instrument include the following: (i) The proposed Program would directly support the PA's VC support program outlined in the NDP 2014-2016 and subsequent MoLG sector strategies for developing a systematic and transparent funding and capacity development mechanism improved service delivery in villages. (ii) The Program would strengthen the institutional performance of national entities such as the MoLG and the MDLF in addition to VCs; and reform the institutional framework in the LG sector by providing incentives to VCs for enhanced inter-VC cooperation to leverage economies of scale as a key element supporting the PA's policy objectives. The PforR disbursement modality, which links Program fund disbursements to the achievement of results is particularly appropriate to provide incentives for delivering results in the LG sector. (iii) LGSIP would focus on supporting PA systems and relevant program institutions. Program stakeholders will be held accountable for achieving agreed results and promote greater PA ownership. (iv) Finally, the PforR would help support system changes across the program by leveraging the actions contained in the Program Action Plan (PAP) and Disbursement Linked Indicators (DLIs) to trigger positive responses on needed reforms in the sector.

The World Bank has cross-country experience with inter-governmental fiscal reforms that incentivize institutional strengthening at the local level. Several ongoing PforR operations support programs similar in concept to the LGSIP, e.g., in Tanzania, Tunisia and Uganda. These operations provide performance grants to local governments based on annual performance assessments measuring several institutional performance indicators. The LGSIP simplifies this model to reflect the Palestinian contextual requirements, recognizing the need for strong incentives to LG sector consolidation and significant capacity constraints of VCs.

LGSIP would be embedded in the broader LG sector reform that requires institutional, policy and investment support at both the local and central level. However, to date no systematic approach exists to reach beyond municipalities and there is a need for a longer term roadmap towards comprehensive LG sector reform, including mainstreaming of good practices into the formal government system. While LGSIP would provide financing targeted at villages, the program would also support initiating key policy and institutional reforms at the central-level that are critical for both villages and municipalities, including an overdue reform of the LG financing system and establishing a strong framework for joint service provision. While LGSIP and MDP are two elements of one integrated sector approach that would eventually converge over the medium to long term, there is no shortcut: MDP cannot address capacity and investment constraints in villages; and VCs cannot leapfrog into a performance-based

conditional grant scheme. Existing institutional arrangements in the sector will need to evolve further to deliver optimal results for decentralized service delivery. The proposed LGSIP PforR would support strengthening the government systems for improved local government financing and service delivery; and allow the MDLF to further develop its mandate as the PA's preferred instrument to mobilize and channel investment funds to local authorities.

2.2 Program Results Areas and Activities

In line with the key priorities of the PA's Village Support program, LGSIP would focus on the following two results areas: (1) Delivery of Infrastructure Services; and (2) Local Government Financing Mechanism. LGSIP would aim at a sub-set of results under these two results areas, making Program financing contingent on the achievement of specific Disbursement Linked Indicators (DLIs). The Program encompasses three primary activities based on the needs identified by the PA to achieve the main objectives reforming the Palestinian Village Support program: (a) annual capital grants to VCs for delivering local services reflecting citizens' priorities; (b) conditional capital grants for incentivizing joint investments in larger scale infrastructure; and (c) capacity support for strengthening local governance institutions.

The Program builds upon the PA program's objective of enhancing local accountability through improving stakeholder participation and strengthening institutional systems and processes for citizen engagement. The Program introduces the allocation of transparent and predictable fiscal transfers to VCs to finance implementation of participatory investment plans. The Program will also strengthen local accountability through enhanced reporting to citizens and strengthened grievance process.

(I) Annual Capital Grants for delivery of local services

VCs will be eligible for fiscal transfers from the Ministry of Finance (MoF) in the form of annual capital grants to support the implementation of Annual Capital Investment Plans (ACIPs). The participatory ACIP would be based on the five year plans which have been developed, or are currently under preparation in VCs applying the "SDIP light" methodology. Capital grants would be allocated to the VCs on a simple per-capita basis with a minimum of US\$9 per capita to exceed the current Transportation Fee allocation of around NIS25.00, equivalent to US\$6.5 per capita. This would provide a meaningful source of timely and predictable revenues and serve as an incentive for reform.

The Program adopts an asymmetric approach towards Program implementation among VCs depending on their size and capacity in line with the PA's objective to support consolidation of the LG sector. This approach will (i) strengthen larger VCs with a minimum capacity to further enhance their institutional and implementation systems so that they can transition to become municipalities; and (ii) enable JSCs to function as implementing entity for small VCs who face critical capacity shortages.

- (i) Large VCs with a population exceeding 4,000 that meet the eligibility criteria will receive the annual capital grant allocation directly from the MoLG transferred to their bank accounts for individual execution.
- (ii) Small VCs with a population below 4,000 that meet the eligibility criteria will also be allocated capital grants. However, since they do not have the financial and project management capacity, grant funds will not be transferred directly to their accounts. Instead, MoLG will manage the grant funds on their behalf and their ACIPs will be

executed through a qualified JSC. A qualified JSC must score more than 40 points in the bi-annual JSC assessment; and have a signed agreement in place between the members that would need to comply with the format adopted by the. Small VCs must have a signed agreement with a qualified JSC to execute individual projects.

Eligibility criteria. VCs will be assessed on their eligibility at the start of the annual Program cycle. Only those VCs who successfully comply with the eligibility criteria will be admitted to the Program. VCs would need to meet the following eligibility criteria to receive Annual Capital Grants under the Program:

- (iii) annual budget statement for the current fiscal year approved by the VC council and submitted electronically to the MoLG;
- (iv) ACIP for the subsequent year prepared in a participatory manner; and
- (v) subsequent year's ACIP and current year's VC budget publicly disclosed.

In addition to the basic eligibility criteria listed above, large VCs must demonstrate minimum staff capacity for individual execution by having access to an administrator (full-time), accountant (full or part-time), and an engineer (full or part-time).

VCs and JSCs who are not eligible will receive targeted capacity building support to enable them to meet eligibility criteria and gain admission into the Program. Grant funds accruing to VCs that are not eligible in a certain year will be carried forward to the subsequent year only. MoLG will provide administrative and technical oversight over the implementation of ACIPs by VCs and JSCs.

(II) Conditional Capital Grants for Investment in Joint Projects

The Program would provide strong financial incentives for consolidation through a voluntary bottom-up approach. In line with the PA's intention to encourage investments at the village level that are planned and implemented jointly among VCs, the Program would provide Conditional Capital Grants for investment projects that cut across several VCs and are identified in a joint or consolidated ACIP. Participating VCs would receive additional funding through a 'top-up' for joint projects executed by a qualifying JSC or other joint service provision arrangement.⁴ However, unlike the Annual Capital Grants that are fiscal transfers to VCs, and hence allocated and disbursed every year on a timely basis, the Conditional Capital Grants will be one-time allocations for eligible VCs.

The Conditional Capital Grant will be determined by the 'base allocation' multiplied with an incentive factor of at least ten. The base allocation equals the sum of the pooled per capita allocation of VCs participating in the joint project. Hence, the available funding for a joint

⁴ Joint projects would be implemented by JSCs, but may also be implemented through other forms of joint service provision which conforms to the good governance standard established by the MoLG, e.g., a service delegation agreement between VCs and a municipality. However, the same eligibility criteria would apply, namely (i) signed agreement in line with the MoLG adopted framework; and (ii) a minimum score of more than 40 in the bi-annual assessment.

project would be calculated by (i) the total population of VCs contributing to the joint project; (ii) multiplied by the per-capita allocation of minimum US\$9; and (iii) multiplied by ten.⁵

Eligibility criteria. A qualifying JSC would need to meet the same Program eligibility criteria outlined above, i.e., demonstrating sufficient institutional capacity and adhering to a Good Governance Structure in line with six internationally accepted good governance criteria. Hence, JSCs would need to meet the following criteria to qualify for the Program:

- (vi) a threshold score of above 40 percent in the JSC assessment;⁶ and a
- (vii) signed agreement between the JSC members following the Good Governance Framework approved by MoLG.

The Conditional Capital Grant would finance the identification, formulation, preparation and implementation of larger scale infrastructure investments with the potential for mobilizing additional financing from DPs and other funding sources. JSCs, as implementing entity for VCs, will prepare consolidated ACIPs comprising of joint projects among two or more VCs. This is consistent with the PA's intention to support LGU consolidation through JSCs. The Program will rely on MDLF's experience in planning, appraising and support managing infrastructure investment projects. Therefore, MDLF will be responsible for the coordination and management of joint projects financed through the Conditional Capital Grant.

(III) Capacity Support for strengthening Local Governance Institutions

Higher levels of government have a critical role to play in creating an enabling environment for LGUs, through providing sound regulatory frameworks, capacity support, and regular and effective oversight. Hence, MoLG will coordinate capacity support provided through the Program, including for VCs, JSCs and central level agencies. MoLG would organize orientation, training and 'hands-on' technical assistance to participating VCs and JSCs. These activities would focus on the key support required to assist VCs and JSCs to achieve DLIs, and thus contribute to achieving the PDO. Progress in the performance of these activities would be measured in DLI7.

Capacity support would be provided based on a five year Capacity Development Plan that would address the needs identified during the capacity needs assessment carried out during Program preparation. The Five year Capacity Development Plan would specify the type capacity support activities, modes of delivery, intended outcomes and baselines. The MoLG will develop an indicative Institutional Support and Capacity Development Plan for the duration of the five years of the Program based on a rapid needs assessment covering the MoLG functions at the central and district levels. The Plan would build on the MoLG's Human Resource Strategic Development Plan (2015-2016) and the PDO. This indicative Plan would establish the baselines and yearly targets for capacity development. Based on this indicative Plan, the MoLG will develop a detailed annual capacity development plan for the first year of Program implementation update it on an annual basis.

⁵ Total Conditional Grant = [Total population of contributing VCs] x [minimum per capita allocation] x [10]

⁶ A baseline JSC assessment was carried out during program preparation indicated that 14 JSCs have met the minimum condition of a score more than 40 points, with a maximum score of 58 points. The assessment will be repeated in program's year 1 and 3 to allow for more qualifying JSCs and other joint arrangements.

Four broad areas were identified in the capacity building needs assessment, including (i) participative planning for infrastructure investment prioritization; (ii) management of infrastructure subprojects; (iii) VC and JSC institutional systems for procurement, financial, environmental and social management; and (iv) sector oversight and management capabilities of central agencies such as the MoLG. The Program would also provide MoLG institutional strengthening and policy support to enable it meeting the PA program objectives, including LGSIP.

Strengthening VC capabilities to engage effectively with their citizens has also been identified as a priority capacity building area. Hence, the Capacity Building plans will include specific programs for strengthening citizen engagement through participative planning and grievance resolution mechanisms. Citizen feedback would be assessed through annual independent beneficiary impact assessments and community score cards implemented on a sampling basis.

2.2 Program Costs

Overall program resources in the amount of US\$25.0 million would be available for LGSIP, out of which US\$22.5 million for the PforR will be financed by the World Bank Trust Fund for Gaza and the West Bank (TFGWB), with co-financing from the Partnership for Infrastructure Development (PID) Multi-Donor Trust Fund (MDTF). The PA would contribute US\$2.5 million equivalent to the Program, provided as share from the Transportation Fee allocation.

Financing in the amount of US\$5 million has been secured from the TFGWB. There is a temporary financing gap for the co-financing of US\$17.5 million since replenishment of the PID MDTF would not be expected before December 2015. However, the TFGWB Grant Agreement will include a condition for the Co-financing Agreement to become effective for the Program to be viable. The effectiveness deadline for the Co-financing Agreement would be June 30, 2016.

Table 3: Program Financing (US\$ Million)

Source	Modality	Amount	% of Total
PA	Co-financing	2.5	10
World Bank	PforR	5.0	20
PID MDTF ⁷	Co-financing	17.5	70
Total Program Financing		25.0	100

Total parallel financing would be estimated at approximately US\$82 million.

2.3 Key Program Implementation Partners and Agencies

The Program will use existing government systems. Hence, implementation will be carried out by VCs, JSCs or similar joint service provision arrangements, the MoLG, and the MDLF. MoLG has the legal mandate for local government affairs and is in charge of overall policy setting and supervision. The MoLG will have the lead responsibility for overall coordination and oversight in the sector. Within its mandate, the MoLG will also lead implementation of sub-program one (annual capital grants to VCs) and sub-program three (institutional strengthening and capacity building). The MDLF will be responsible for managing of sub-program two (conditional grants for joint projects) and function as the Program Secretariat providing implementation support across the Program, including performing the Program management functions required under LGSIP. MDLF's responsibilities to provide Program implementation support will include preparing the Program financial statements, organizing the Program audit, preparing and updating the Program Operational Manual (POM), and compiling reporting on results and DLIs. The Program Secretariat will report to the Program Committee, chaired by the Minister of Local Government and headed by the Deputy Minister. The MoF will be responsible for ensuring that disbursements under LGSIP are carried out in line with the agreed timeframe.

⁷ Denmark and Sweden have indicated their interest in providing additional contributions to the PID MDTF, including for co-financing of the proposed LGSIP.

2.4 Anticipated Environmental and Social Impacts of the Program

2.4.1 Main Environmental Risks of the Program

The investments under LGSIP are intended to have substantial sustainability outcomes through improved LGU service delivery. The benefits will vary by LGU depending on the context and investment choices, but community benefits are likely to include reduced environmental degradation and sanitary conditions through improved waste management systems; lower vehicle operating costs, reduced transportation costs, fewer road accidents and reduced traffic congestion as a result of improved road conditions and improved access to public transport services; and reduced risk of flooding and soil erosion as a consequence of drainage improvements.

While the investments of LGUs are discretionary based on community priorities, LGUs can choose from an “investment menu” of small- to medium-scale civil works includes upgrading of existing roads, solid waste management, transportation infrastructure such as bus and truck stands, markets, drains, and recreational parks, and rehabilitation and expansion of water and wastewater facilities.

Based on the scope and scale of projects to be financed under LGSIP, environmental and social impacts are expected to be minimal to moderate in scale, with most adverse impacts limited to the construction phase and being site-specific and temporary. All investments will undergo an environmental and social impact assessment process per environmental systems. These procedures are outlined in the Program Environmental and Social Technical Manual (ESTM), which is currently under preparation by the Program Manager (MDLF) with technical guidance from the Bank, and consultations with technical staff at the national and LGU levels. Most adverse effects associated with the types of works funded by the LGSIP are associated with the construction phase.

Potential adverse environmental effects include air pollution from dust and exhaust; nuisances such as noise, traffic interruptions, and blocking access paths; water and soil pollution from the accidental spillage of fuels or other materials associated with construction works, as well as solid and liquid wastes from construction sites and worker campsites; traffic interruptions and accidents; and accidental damage to infrastructure such as electric, wastewater, and water facilities. These types of impacts, however, are generally site-specific and temporary. Experience from implementation of similar types of urban works in Palestine indicates that short-term construction impacts for the most part can be prevented or mitigated with standard operational procedures and good construction management practices. These procedures will be included in the technical manual, and be a standard part of environmental management plans included in bidding documents for contractors.

While no large-scale or high-risk projects are expected, the screening process in the ESMM will include criteria to exclude certain categories of projects as well as projects of a scale that would include significant negative impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people. Such types of investments are excluded from the Program (per OP/BP 9.00). In addition to screening for significant impacts, the following exclusionary criteria apply to works financed with the LGSIP:

- Works involving relocation of people or impacting livelihoods;
- New landfills or waste water treatment plants;

- Activities that would significantly convert natural habitats or significantly alter potentially important biodiversity and/or cultural resource areas.

2.4.2 Main Social Risks of the Program

Given that the types of activities that the LGSIP intends to support include environmental degradation and social issues, the overall effect of LGU investments should be socially beneficial. However, negative social impacts are possible.

Negative impacts are expected to be of a low magnitude and may be related to temporary disturbances caused by works such as difficulty of access, traffic deviations, noise, vibration, dust, etc., that could generate disturbances in normal activities in neighborhoods. Depending on the type, scope and extent of eligible work under the LGSIP, negative social impacts are those that are typically related and limited to the construction phase, and are generally work site-specific.

The table below summarizes the possible risks related to social impacts of the Program.

Impacts	Evaluation	Risk
1. Involuntary resettlement	Sub-projects will be on lands owned by LGUs. Sub-projects will be excluded involving relocation of households, temporary or permanent land take, impacts on livelihoods, including those that may occur through restriction of access to resources. To screen out for these exclusions, the Program will rely on the guidelines for this in the environment and social technical manual, which will include a rigorous sub-project screening process to be done by LGUs. Based on interviews with LGUs, they expressed the need for clear guidelines and training related to the sub-project screening process. It is essential to implement capacity building actions to ensure rigorous sub-project screening.	Null
2. Expropriation of land and private property	As detailed above (under impact 1 evaluation section), sub-projects will be excluded involving expropriation of land and private property through a rigorous sub-project screening process. Capacity building actions will ensure rigorous sub-project screening. In cases where the LGUs may purchase land through a willing-seller willing-buyer approach or in cases of voluntary land donation (VLD), the LGUs will need to document for power of choice as detailed below: <ul style="list-style-type: none"> - Voluntary Land Donation: the land is willingly relinquished to the LGUs by the owner in exchange for a legal concession document signed and notarized; - Land Purchase through Willing Seller Willing Buyer Approach: land acquisition occurs by mutual agreement in exchange for a notarized purchase contract based on the market price at the date of acquisition. <p>The Program will rely on guidelines for this in the technical manual as well as well as capacity building activities.</p>	Null
Impacts	Evaluation	Risk

2. Restricted access to goods, services, natural resources and loss of income	As detailed above (under impact 1 evaluation section), sub-projects involving impacts on livelihoods and including those that may occur through restriction of access to resources will be excluded from the Program. The Program will rely on guidelines for this in the technical manual, including a rigorous sub-project screening process to be done by LGUs, following training on this.	Null
Inadequate promotion of social integration and mitigating local disparities	These risks are estimated to be low because the Program is designed to avoid and mitigate them. These aspects will be taken into account in the design of sub-projects. Measures will be provided to support people in this process (information and awareness campaigns) and performance indicators will be established and monitored by stakeholders in order to ensure that Program objectives will be achieved.	Low

Risks related to land acquisition before construction

As the application of OP 9.0 mainly supports involuntary land use issues for clients who have experience with it, given the client's lacks this experience, sub-projects involving involuntary resettlement and land acquisition will be screened out during sub-project selection using exclusionary criteria to minimize social risk. In fact, consultations with VCs and JSCs confirmed that they do not have experience with involuntary resettlement and land acquisition as well as have limited capacity to manage social risk. In addition, the MDLF and MoLG, who will be the implementing agencies for this Program, do not have experience with involuntary resettlement and land acquisition. Therefore, any land requirements (temporary or permanent) for investments to be financed under the Program will be met through lands under the ownership of LGUs. The exclusion will cover sub-projects involving relocation of households, temporary or permanent land take, impacts on livelihoods, including those that may occur through restriction of access to resources. To screen out for these exclusions, the Program will rely on the guidelines in the technical manual, which will include a rigorous sub-project screening process to be done by LGUs. It is important to note that Palestinian legislation on expropriation, Law No.24 of year 1943 modified by Law No. 2 of year 1953 on *Land Expropriation for Public Projects*, does not meet the requirements of OP/BP 9.0 as it does not make any references to the rights of squatters or users of public or state lands. Therefore, the sub-project screening process will be applied to exclude land with squatters or users of public or state land so as to meet the requirement of OP 9.0 and not harm this category of people. In cases where the LGUs may purchase land through a willing-seller willing-buyer approach or in cases of voluntary land donation (VLD), the LGUs will need to document for power of choice. Land issues should be resolved and the land must have no encumbrances and due diligence must be carried out to make sure it was not acquired in anticipation of this project prior to the financing agreement of a sub-project. During consultations, LGUs expressed the need for clear guidelines and training related to VLD.

Risks related to socio-economic disruption during construction

Sub-projects construction activities can disrupt economic activity, create loss of income for

those affected, and restrict access to homes, shops and other public institutions (schools, clinics, etc.). Based on the experience of LGUs visited⁸ as part of the ESSA, very few people have complained about these impacts in the past. Although these social impacts are likely to be small and not create conflicts, given the size and nature of the sub-projects, impacts must be documented during sub-project design to avoid and mitigate them, including compensating those affected if necessary.

Moreover, given the fact that these social impacts occur primarily during construction, they must be planned for accordingly. The responsibility of the Contractor should be clearly defined in the contract clauses. In fact, the Administrative Clauses (AC) applicable to public works contracts should state that "*the contractor must, with respect to the client, bear the financial responsibility for liability and damages to people and property caused in the performance or execution of public works...*" To further define responsibilities, identified impacts should be referred to in the Specific Technical Clauses (STC). Given the above and the past experience of LGUs, the risk of foreseeable social impacts due to public works is considered low.

Summary of overall risks in light of the core principles of OP 9.00

Management of land acquisition, voluntary land acquisition and willing-seller willing buyer approach

Sub-projects will be on lands under the ownership of LGUs, where there are no squatters or users of this land. Based on the field visits to LGUs⁹, no cases of squatters or users of LGU owned lands were identified. Sub-projects will be excluded involving relocation of households, temporary or permanent land take and impacts on livelihoods, including those that may occur through restriction of access to resources. To screen out for these exclusions, the Program will rely on the guidelines for this in the Environment and Social Technical manual (ESTM), which will include a rigorous sub-project screening process to be done by LGUs. It is important to note that Palestinian legislation on expropriation, Law No.24 of year 1943 modified by Law No. 2 of year 1953 on *Land Expropriation for Public Projects*, does not meet the requirements of OP/BP 9.0 as it does not make any reference to the rights of squatters or users of public or state lands. To meet the requirements of OP/BP 9.0 and so as not to harm this category of people, the sub-project screening process will be used to exclude sub-projects involving the use of land with squatters or users of public or state lands. It is essential to implement capacity building actions to ensure rigorous sub-project screening.

During consultations with LGUs, they have indicated that the acquisition of land through VLD or through purchasing of land through a willing-seller willing buyer approach will be limited. However, the ESTM will provide guidelines for these cases. It will also be important that the appropriate capacity building training is provided.

Attention to the rights and interests of indigenous peoples and vulnerable groups

The ESSA did not identify indigenous peoples in the West Bank or specific groups of vulnerable persons that might be negatively affected by the Program. The design of the Program aims to foster integration of vulnerable groups such as women, youth, disabled and elderly through the Program design, including the development of the appropriate social accountability mechanisms. Vulnerable groups will be involved in all aspects of Program, including consultations related to sub-project selection and monitoring of implementation. Minimum quotas are in place for the participation of women and youth in consultations as part of the Annual Investment Planning. The LGUs will receive training in participatory

⁸See Annex 3 for methodology and list of field visits.

⁹ See Annex 3 for methodology and list of field visits.

consultations and participatory M&E with a focus on women and youth. In addition, the training will focus on the importance of ensuring equitable access to vulnerable groups of benefits of sub-projects, including access to elderly and disabled for minor civil works. Periodic satisfaction surveys and citizen scorecard reports would help monitor the inclusion of vulnerable groups and propose corrective measures if needed.

Avoid exacerbating social conflicts, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

The West Bank and Gaza is considered a conflict and fragile state. While there is little risk that the Program will be the source of social conflict, conflicts may occur and complaint may be made during project implementation. Where grievances and disputes arise in projects, vulnerable groups are often unable to access legal systems due to costs. The design of the Program aims to minimize social conflict through the development the appropriate consultations and a Grievance Redressal Mechanism.

2.5 Previous Experiences of Institutions Involved in the Program

Most of the LGUs targeted in this Program were not beneficiaries of previous World Bank projects. In fact, during site visits¹⁰, LGUs confirmed that they have limited capacity to monitor sub-projects for social and environment safeguards given their limited technical skill and resources available. In addition, LGUs confirmed that although projects were based on demands of individuals or representatives of communities, communities were not involved in the selection, design and implementation of projects. The lack of experience of LGUs with Bank projects is mitigated by the fact that the implementing agencies involved in the Program, MoLG (managing Component I and III)¹¹ and MDLF (managing Component II) have a long history of collaboration with the World Bank in the West Bank and Gaza. MDLF has managed WB financed municipal projects (MDP I, MDP II and MDP IIAF in Gaza), Emergency Municipal Service Rehabilitation Projects (EMSRPI and EMSRPII) and the MoLG has managed the LGUs through the WB financed Village and Neighborhood Development Project (VNDP). Through these projects, MDLF has gained significant expertise in the management of municipal works and MoLG has gained expertise in planning and management of minor civil works of VCs/JSCs. Projects such as MDPII and VNDP are considered successful and significant efforts have been made to ensure social accountability among local authorities. The current design of the project will focus on community participation within targeted populations.

III. Description of National Systems

3.1 Environmental Management Systems

3.1.1 Environmental Management Procedures

Projects currently implemented by LGUs primarily employ Palestinian systems for environmental and social management, which were assessed through the ESSA. The ESSA conducted an analysis of existing systems for environmental and social management for consistency with the core principles of OP/BP 9.00. The main gaps in the Environmental Management System are summarized below.

¹⁰ See Annex 3 for detailed list of site visits.

Gaps in the system as written: The principles pertaining to environmental systems under OP/BP 9.00 are considered in terms of environmental and social management for urban municipal infrastructure projects that are implemented at the LGU level. Because there is no specific system already in place as there would be for a phased World Bank project (e.g. an Environmental and Social Management Framework), the assessment focuses on the national systems and how they relate and function at the LGU level.

A gap analysis was undertaken, which 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 OP/BP 9.00 – processes are designed to promote sustainability, address environmental and social impacts, and serve as a decision-making tool. However, there are gaps in the system, outlined below, which were identified in the ESSA and will be included in the ESMM:

- **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 is a notable mismatch 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 fall in the requirement for a full ESIA and considered on the “Type A” in a form of a category list that is mostly would be considered as having significant impacts by World Bank standards. While the projects to be financed and implemented by LGUs are highly unlikely to cause Category A-level impacts by World Bank standards, as these are ineligible for financing under the Program, there will be need to be clearer criteria included in project screening that more closely aligns the two definitions for Category “A” projects that are excluded from the scope of the Program and the terms of reference for the ESIA to be conducted for “Type B” projects that are likely to be financed under the P4R program.
- **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, 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.

3.2 Social Management Systems

3.2.1 National framework for Land Acquisition, Participation, Complaints Handling and Social Risk Management

National Framework for Land Acquisition

The national framework dictating land acquisition, law No.24 of year 1943 modified by Law No. 2 of year 1953 on *Land Expropriation for Public Projects*, will not be elaborated in this document as it is not relevant to the Program. As detailed above, sub-projects will be excluded that involve relocation of households, temporary or permanent land take, impacts on livelihoods, including those that may occur through restriction of access to resources. Land requirements will be mostly met through those under the ownership of LGUs and, in some instances, through VLD or through the purchase of private land through a willing-seller willing-buyer approach. The Palestinian Environment and Social Impact Assessment (ESIA) policy does not provide any guidelines on VLD. Field visits verified that in cases of VLD, in order to receive appropriate licensing for construction, LGUs must provide legal documentation of the transfer of ownership of the land to the LGUs. To ensure consent in all cases of VLD, training will be provided on an expanded version of current guidelines for VLD detailed in the Operations Manuals of VNDP and MDPII (see Box 1). These guidelines are based on World Bank experience from around the world and should be adapted to the local context. As detailed in the social risk section of this document, guidelines will be provided in the ESTM for LGUs on VLD and the purchase of land through a willing-seller and willing buyer approach. Capacity building will also be provided in these areas.

Consultations

As detailed in the Environmental Management Section above, in terms of consultations and disclosure, the ESIA policy indicates that for those projects requiring a full ESIA, public availability of the documents is required. However, in practice, the public review and comment process is onerous and results in ESIA's 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. In addition, the ESIA policy does not provide any guidance on consultations where ESIA's are not required.

The process of identifying sub-projects and Program activities should be participatory and interactive and consider the needs and priorities of local populations. Although LGUs indicated that subprojects were selected based on demands expressed by individuals in the community, in most cases no formal process was in place for project selection. In other words, representative consultations were not held and demands were not documented. In short, communities were not involved in the selection, design and implementation of projects. The design of the Program supports a participatory process that ensure community participation in the identification, implementation and monitoring of program activities.

Complaints Handling and Social Risk Management

Based on the Palestinian Council Resolution No. 60 in 2005 mandating the development of a complaints mechanism in all ministries, a complaints department exists within the MoLG including a manager and two staff. Despite the existence of this department including key

aspects of a formal complaints system (documentation of complaints and responses, timely responses, a log of all complaints received-date received, date responded to, type of response, etc.), consultations confirmed that communities are not aware of the existence of this system. In addition, a formal Grievance Redressal Mechanism (GRM) system does not exist at the LGU level. Field visits¹² reflect that complaints are overwhelmingly dealt with informally, orally and not documented, and resolved through the use of connections and family relations if needed. All LGUs will be required to have a functioning GRM for project level complaints with the following key features: accessibility to communities, recording of complaints in a log (date received, date responded to, complaint, how resolved, when resolved) and responding in writing in a timely manner. Complaints can also be received by the MoLG, which will have the same features as that of the LGUs. For urgent issues that LGUs cannot handle, they will immediately inform the staff within the MoLG (for activities of sub-component 1& 3) /MDLF (for activities of sub-component 2) to assist with responding to the complaint. In terms of monitoring the GRM, LGUs will be required to submit the log of complaints on a monthly basis to the MoLG (for activities of sub-component 1& 3) /MDLF (for activities of sub-component 2). MDLF will share the monthly logs it receives with MoLG .

The Program provides capacity building to LGUs on how to process, receive and address grievances.

In addition, the Palestinian Environment and Social Impact Assessment (ESIA) Policy does not make any references to social risk management. In fact, the ESIA policy does not make reference to social analysis needed for the identification and mitigation of impacts on vulnerable groups. In addition, the ESIA policy does not mention social risk monitoring during sub-project implementation. In practice social analysis and social risk monitoring is not done due to the absence of guidance in these areas and lack of resources and technical staff specialized in this area. The technical manual and capacity building activities provide guidance on social risk management.

¹² See Annex 3 for detailed list of site visits.

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 to 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.¹³
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.

¹³ In cases of site-specific infrastructure it is recommended to use land under ownership of VCs or JSCs and in exceptional cases willing-buyer willing-seller if adequate measures are put in place to avoid coercion.

IV. Assessment of Institutional Capacity and Performance

4.1 Adequacy of applicable systems

4.1.1 Environmental Management System and Capacities of Implementing Agencies

Gaps in the system as applied in practice: With a large number of LGUs of varied size included under LGSIP (VCs and JSCs), capacity varies widely between them – some have well-functioning technical engineering departments that are usually tasked for environmental and social management and coordinate with MoLG district offices on these issues, as well as promote overall sustainability in their communities. Others have low levels of staff that may be missing expertise and coordination systems to manage impacts and contribute to development planning in their village councils.

The overarching finding is that, while impacts are generally managed and there have been few major issues, most LGUs do not have systems in place for the ESIA process, collecting and managing environmental and social data, nor a clear mandate for environmental and social management. Many donor projects have attempted to bridge this gap with Environmental and Social Management Frameworks, and the shortcomings underpin the main challenges that have been found in implementing safeguards in other projects implemented at the local level: screening checklists are not commonly used at the local and central levels, LGUs do not systematically monitor environment and social impacts, and environmental and social management often remains outside of the planning and decision-making process. The reasons are largely structural difficulties – despite these, impacts from projects have been managed fairly well, and that in the LGU there is recognition of environmental sustainability and the desire for projects to contribute to better sanitation, reduced pollution and a better quality of life, as well as strengthened institutions. Findings during field studies and consultations with national counterparts suggest that on both levels there is a strong willingness to work through the issues described below, and recognition of the opportunities of the Program to address issues that are compromising environmental and social management (ESM) in local governments.

The main issues are summarized below, which are addressed in the Program through measures included in the Action Plan, Program indicators and World Bank implementation support:

- **Centralized management:** Once a project is identified, environmental and social management is largely in the LGU's hands, however many of the decisions are handled by central authorities, e.g. contracting ESIA consultants, the ESIA review process, consultations and auditing implementation is overseen by program manager (MDLF and MoLG). The day-to-day implementation of the environmental and social management plans (ESMPs) will be the duty of the LGUs staff with capacity building sought from the consultants. This break in delegation from the beginning sets projects on a trajectory where, though the direct impacts and risks are modest, implementation is not systematically monitored as the central agency does not have the capacity to monitor all projects and the LGUs have no existing capacity to do so either.
- Another finding from the fieldwork and interviews is that highly centralized natures of ESIA process can slow the project cycle as even projects with minimal impacts require an environmental screening by the central authorities in order to obtain an environmental certificate required of all projects, there can be long delays in obtaining certificates. It was observed that in light of delays, projects have gone forward without

the required certificate. Because LGUs do not have clear role, this leaves some projects with little oversight.

- **Human Resource Capacity:** Most LGUs have different staff who are involved in ESM: Community Development Officer, planners, engineers and other sector staff who exist within the LGUs. Rarely, LGUs have an Environmental or Social Management Officer. Overall capacity for ESM and ESIA is generally quite low (though it varies across LGUs). Field visits showed that most LGUs staff are not trained to handle a technical task such as the ESIA process. Additionally, LGUs are not able to hire their own specialized staff for this purpose. This is where the lack of a well-defined system at the local level and a clear methodology for coordination on the governorate and central levels are needed.
- **Budget Resources and Tools:** Budget has been a common constraint to optimal ESM. There has been pressure from the donor community to include a line item from project's budgets for environmental and social management and ESM monitoring on the central level, funds rarely flow or that they are inadequate for staff to actually carry out ESM requirements, where technical staff had limited resources to conduct their field tasks, lacking vehicles and environmental monitoring equipment as well.
- **Performance Incentives:** Many of the issues identified and the lack of effective action to date on all of the aforementioned issues reflect the incentive structure of how development funds are transferred to LGUs. As mentioned above and described in more detail in the Program Appraisal Document, LGU's performance-based grant system links LGU performance in key areas of local governance with compliance with national policies, legal and regulatory frameworks.

Despite the key role local governments play in environmental and social management and compliance with relevant laws, these elements are neither included in LGU's minimum conditions to access the grant nor in indicators that incentivize good performance. Environment and Social is included as a cross-cutting issue along with poverty, gender, governance issues, but the performance indicator is an aggregate of all of these issues together, and only requires that LGUs undertake an analysis of these issues to be included in their development planning process.

The minimum conditions and performance indicators have important implications for where LGUs direct budget resources and staff priorities. Without any performance measurements or sanctions for low performance (that is, if there are no consequences for poor performance), budgetary resources are in most cases not directed in these areas).

System Strengths: Despite the gaps in the system, there are many positive practices in LGUs and at the national level that are important to consider, as these can be both capitalized upon as well as strengthened through the performance incentives under LGSIP as well as support for capacity building. First, despite clear roles and responsibilities, environmental and social impacts implemented by LGUs have been managed fairly well on the MDLF and MoLG levels. Supervision reports and field visits have noted no major impacts that have gone unmitigated, both in small-scale infrastructure (e.g. Local Government Support Project and larger urban projects) of World Bank projects.

- Second, the field visits noted that some LGUs have made very effective use of laws related to ESM, for example, improved solid waste management by sanitation-specialized (both wastewater and solid waste) Joint Service Councils. .
- Both MoLG, MDLF, and JSCs are supportive of measures to strengthen systems, and are familiar with programs that have attempted to do so in the past. While these systems have had some lasting impact but have not managed to fully mainstream a system of environmental and social management in LGUs, an aspect that will be addressed in the P4R design.

4.1.2 Social management systems and Capacity of Implementing Agencies

As detailed in Section I under main social risks, sub-projects will be excluded that involve relocation of households, temporary or permanent land take, impacts on livelihoods, including those that may occur through restriction of access to resources. To screen out for these exclusions, the Program will rely on training of LGUs and guidelines for this in the ESTM, which will include a rigorous sub-project screening process to be done by LGUs. It is important to note that Palestinian legislation on expropriation, Law No.24 of year 1943 modified by Law No. 2 of year 1953 on Land Expropriation for Public Projects, does not meet the requirements of OP/BP 9.0 as it does not make any reference to the rights of squatters or users of public or state lands. To meet the requirements of OP/BP 9.0 and so as not to harm this category of people, the sub-project screening process will be used to exclude sub-projects involving the use of land with squatters or users of public or state lands.

Land requirements will be met through those under the ownership of LGU boundaries and in some instances through VLD and a willing-seller willing buyer approach. The Palestinian Environment and Social Impact Assessment (ESIA) policy does not provide any guidelines on VLD. However, field visits verified that in cases of VLD or land purchased through a willing-seller willing buyer approach, in order to receive appropriate licensing for construction, LGUs must provide legal documentation of the transfer of ownership of the land to the LGUs. Therefore, VLD and purchasing of land is mostly practiced by the LGUs in compliance with formal and legalized procedures (agreements, licenses or purchase agreements). In these cases, LGUs must submit relevant documentation to the MoLG or MDLF such as voluntary transfer documents or purchase agreements, which document consent. No sub-project can be financed without prior resolution of all land acquisition or land tenure regularization issues.

As detailed in Section 3.2 on social management systems, the Palestinian ESIA policy does not provide sufficient guidance on consultations and makes no reference to social analysis or social risk monitoring during project implementation. In addition, the Palestinian Council Resolution No. 60 in 2005 mandating the development of a complaints mechanism in all ministries does not give adequate guidance on the development of a GRM at the LGU level. As a result, most LGUs have weak social management capacities in areas such as subproject screening for social risk, social monitoring, consultations and social accountability practices and there is a lack of appropriate staffing, training and resources allocated to these areas. Transparency and accountability is often lacking at the LGU level. The majority of LGUs are not involving communities in decisions related to selection, implementation and monitoring of development activities. In addition, complaints are overwhelmingly dealt with informally, without documentation. To address weakness in social management, LGUs will receive capacity building and guidelines will be prepared on this in the technical manual. In addition, LGUs will be required to adopt effective grievance mechanisms as detailed in section 3.2.1.

As detailed in section 2.5, MDLF and MoLG have successful experiences with social management through the management of World Bank financed projects. Through these projects, they have gained experience with screening for the exclusion of sub-projects that

involve relocation of households, temporary or permanent land take, impacts on livelihoods, including those that may occur through restriction of access to resources. In addition, both the MDLF and MoLG have managed subprojects involving voluntary land donation and have provided the necessary documentation for this. Although MDLF and the MoLG have experience with the development and implementation of GRMs, additional capacity building will be needed to ensure a robust GRM system for LGSIP.

IV. Conclusions and Recommendations

4.1 ESSA Action Plan

Although the environmental and social impacts of activities under LGSIP are classified from low to moderate, the Program provides an opportunity to strengthen both the gaps in the procedures mentioned above to identify and mitigate these effects, but also to strengthen the entire system in three areas: (i) strengthening environmental and social management; (ii) ensuring implementation of good environmental and social management practices; and (iii) monitoring of social and environmental management. To fill the gaps identified in the ESSA, the LGSIP will support specific measures to enhance performance of the environmental and social management system in the West Bank. These measures will be implemented on the basis of two main interventions, namely:

- 1) Technical Manual Revision: The Environment and Technical Social Manual will be prepared by the MDLF/MoLG and will be used by LGUs in assessing and managing environmental and social impacts. This manual will be based on existing Operations Manuals used by MDLF and MoLG for previous World Bank projects. The evaluation of the performance of systems applicable to LGSIP has significantly raised the profile of environmental and social issues by introducing minimum requirements for core staff and by ensuring that a proper system is in place and is functional and operational.
- 2) Capacity building: environmental and social management measures will be integrated into the Program through capacity building and technical assistance components that will give local government access to formal training. The MDLF/MoLG will provide advisory support to LGUs for the formulation and implementation of their capacity building plans, and provide targeted support to LGU capacity building. One of the key areas eligible for support to LGU capacity building is to improve LGU capacities in environmental and social management and project supervision – the types of possible activities include development of guides and tools, formal and informal training, mentoring, and continuing education. The implementation by LGUs of environmental and social procedures contained in the ESTM will be one of the performance criteria in the assessment of the Programs systems that will be implemented for LGSIP.

4.2 Elements to incorporate in Program Action Plan

All of these measures are documented in the ESSA Action Plan that guides the overall formulation of the Program. Implementation of some of these measures will be enhanced by their integration into the Program Action Plan, with the agreement of the Government of Palestine, and / or legally incorporated into the Program's financing agreement. These actions are grouped into three areas: i) Actions to strengthen environmental and social management; ii) Actions to strengthen system implementation and monitoring; and iii) Actions for capacity building in environmental and social management.

1. Strengthening the environmental and social management system

Recommended actions under this theme are summarized below:

- Technical Manual revised before the start of the Program: it will include updated procedures for environmental and social management for LGUs to address gaps identified in the ESSA (social impact assessment, public information and consultation, grievance mechanisms, monitoring reports, updated screening procedures to include guidelines for identifying high-risk activities that are not eligible for support under the Program).
- Assignment of LGU staff to environmental and social management: All LGUs must ensure environment and social management technical skills of staff.
- Establishing a municipal grievances mechanism to handle complaints: To be eligible for Program financing, all LGUs must establish a grievance redress mechanism, which will include procedures for environmental, social, compensation, and fiduciary issues.
- Consultation and public disclosure of environmental and social documents: the Technical manual will require consultation and mandatory disclosure of key documents relating to good social and environmental practice and project screening forms must indicate the date and place of publication of these environmental and social documents.
- Creating an environmental and social monitoring system: the MOLG will establish a system to monitor environment and social issues (i.e., risks, consultations, etc.)

2. Strengthening the implementation of environmental and social monitoring system

Actions recommended under this theme are summarized below:

- Implementation by LGUs of environmental and social procedures documented in the Technical Manual: LGUs take into consideration environmental and social impacts in prioritizing development projects.
- Prior approval of environmental and social review form: All infrastructure projects are required to have completed the environmental and social review form and have obtained the mandatory approval.
- Public disclosure of ESMP: Environmental and Social Management Plans are disclosed to the public through the MoLG/MDLF and online by Contractors.
- Supervision of works by LGU technical staff responsible for environmental and social management: Technical staff responsible for environmental and social management must monitor and supervise works at least once per quarter.
- Application by LGUs of applicable procedures for voluntary land donation as defined in the Technical Manual: Procedures for voluntary land donation will be applied and implemented for all projects where the environmental and social review indicates that it will be necessary.
- Monitoring of complaints and land acquisition: The reports provided by LGUs to the MoLG/MDLF will include monitoring of complaints related to environmental and social management and monitoring of environment and social complaints including related to voluntary land donations.

- Implementation by the LGUS of mitigation and compensation measures: All mitigation measures for environmental issues and social issues will be effectively executed.
- Environmental and social reporting: Reporting on environmental and social criteria should be included in the Project Monitoring Reports produced by the LGU engineer or planner.
- Assessment of mitigation and compensation measures: Reports provided by LGUs to MoLG/MDLF will include an assessment of the performance of mitigation and compensation measures after the implementation of sub-projects.

2.5.1 Strengthening of environmental and social management capacity

Actions recommended under this theme are summarized below:

- Integration of Environmental and Social Management in Program's capacity building Program: Environmental and social management will be considered a key area for capacity building.
- Training in environmental and social management for technical staff: The training Program will strengthen the capacity of environmental and social core staff and bring awareness to other local government technical staff and members on environmental and social issues.
- Training expanded to include budgetary aspects of environmental and social management: The training program includes sessions on budgeting for environmental and social mitigation measures.
- Training on sub-project screening for the exclusion of involuntary land resettlement and acquisition, including issues related to livelihoods and vulnerable groups: The training offered LGUS will cover issues related to the exclusion of land acquisition, procedures related to voluntary land donations, procedures applicable to vulnerable groups.
- Training of LGUs, MDLF, and MoLG on the complaints handling system. The Program's capacity building plan identifies a Grievance Redressal Mechanism (GRM) as a key thematic area for the improvement of institutions, both at the LGU and national levels.
- Creating a training program on environmental and social management for LGUs: A training program on environmental and social management for LGUs will be created and updated according to the Technical Manual.
- Integration of requirements for public information and consultation in the training program on environmental and social management for LGUs: The training on environmental and social management for LGUs will include instructions on public consultation, transparency and the treatment of grievances.

2.6 Assessment of environmental and social risk level

The assessment of environmental and social risk level associated with the Program is considered moderate. To mitigate this risk, the LGSIP should contribute to improving the national system of environmental and social assessment to fill identified gaps in the ESSA (social impact assessment, improved screening of municipal sub-projects, public information and consultation, environmental and social monitoring, grievance redress mechanisms, and procedures for voluntary land donation).

To ensure the environmental and social sustainability of the Program, the management capacity of government agencies and local authorities should be strengthened, and screening procedures, evaluation, supervision and monitoring of municipal sub-projects should be improved. Citizen participation in the planning and supervision of municipal infrastructure projects should be encouraged. Proposed measures to improve environmental and social management systems in compliance with the World Bank's Operational Policy OP 9.00 for PforR operations have been incorporated into the ESSA Action Plan and will be submitted for discussion at a stakeholder consultation workshop that was held on May 13, 2015.

2.7 Elements to incorporate into the Program Action Plan

The main elements of the ESSA Action Plan will be integrated into the Program Action Plan and will serve as a reference framework for the supervision of the implementation of the measures recommended in the Action Plan. These elements include:

- Annual Capacity Development Plans prepared by all local governments and communicated to the MDLF/MoLG(capacity building to include environmental and social management);
- Technical Manual (TM) developed that provides updated procedures for environmental and social management for LGUs to address gaps identified in the ESSA, including: (i) public consultations, public disclosure and grievance redress mechanisms; (ii) social assessment; (iii) voluntary land donation guidelines; (iv) screening of high-risk activities which are ineligible for Program support; and (v) monitoring and evaluation.

Laws

- The Palestinian Environment Assessment Policy
- The Palestinian Environmental Law No (7) 1999
- The Law No. 24 of Year 1943 and Modified Law No. 2 of Year 1953 on « Land Expropriation of Projects » articles (3), (12), (21)
- The Law No. 79 related to the Organization of Cities, Villages and Building Laws, articles (56), (57), (59)
- The Law No. 5 on the Organization of Local Bodies No. 5 Year 2011

Ministerial Orders

- Cabinet Resolution No. 60 of 2005 on Complaints Resolution Mechanism

ANNEX 2– Stakeholder Consultation Workshop Summary

2. A stakeholder consultation workshop on the draft Environmental and Social Systems Assessment (ESSA) was organized by the World Bank and Ministry of Local Government (MoLG) and held at the MoLG in Ramallah, on May 13, 2015. Invitations were distributed to around 40 participants, including copies of the draft ESSA. The draft ESSA was disclosed publically, prior to the consultations. The consultation included 25 participants with stakeholder representatives from VCs, JSCs, MoLG including the Director of Gender issues, MDLF, Ministry of Environmental Affairs (MEnA), academics, and other CBOs.

3. All the participants welcomed the program and emphasized the importance of investing in VCs, including in area C, which would be financed through parallel financing as part of the Government program. A number of comments related to social and environment issues and sub-project selection were addressed during the consultations. Participants expressed concerns related to the limited staff, skills and financial resources of small VCs to monitor social and environment issues. In order to support small VCs in this regard, as part of the design of LGSIP, VCs will work with JSC engineers, who will receive training to manage social and environment risk issues. In addition, participants inquired about land requirements for sub-project eligibility. In fact, participants requested guidance on whether land expropriated five years ago would be eligible under LGSIP as it may not be eligible under Palestinian law. The law requires that if land is expropriated, it must be used for the purpose it was expropriated for within a certain time period otherwise the ownership of the land will return to the original landowner. The consultation clarified that in order for sub-projects to be eligible in the Program, the following must occur: (1) VCs must follow national law in terms of land usage and titling; (2) the land must be under the ownership of the VC without contestation of Program affected peoples; and (3) the expropriation must have occurred using the principles of World Bank Policy 9.0, which is detailed in the ESSA. In addition to addressing land issues related to land ownership requirements, participants noted the importance of traditional oral methods for communication to communities about the Program and for disputes. While it was confirmed that these and other methods would be used for community awareness, the importance of a formal complaints system, including documentation of complaints, was emphasized and will be part of the Program.

4. A participant commented on the complaints mechanism. The participant indicated that she felt the Palestinian Ministry of Environmental Affairs should manage social and environment complaints rather than the MoLG. The World Bank specialists welcomed the active role of the MenA on monitoring environmental compliance of MoLG, MDLF, or any other parties, public and private, in accordance with the National Environmental Law. However, given the nature of expected sub-projects (classification B), geographical spread, and the limited resources of the MenA, the Program Manager (MDLF) and MoLG will monitor the compliance of the VCs and JSCs with the terms of the environmental and social management plans for individual sub-projects

5. Participants also highlighted the importance of participatory planning, including ensuring that participation of marginalized groups in the prioritization of investments, particularly women, for social cohesion and received confirmation that this will be included in the design of the Program. The importance of minimizing health risks with infrastructure projects was raised to avoid problems such as in the case of Jammai'n village, where people have health issues as a result of the dust produced from a stone factory. The World Bank specialists clarified that a project of

the kind of Jamma'in (stone mining) will be classified as "A" and will not be allowed under LGSIP. As for sub-projects expected under LGSIP, dust and noise and some other impacts are expected, contractors should manage those impacts according to provisions of Environmental and Social Management Plans of sub-projects, and MoLG and MDLF will have the responsibility of monitoring the compliance of contractors.

6. Finally, in terms of type of sub-projects to be selected, participants encouraged the financing of infrastructure projects (i.e. refurbishing roads) through Joint Service Councils in order to promote private sector investments, which in turn would help support VCs through service fees.

List of participants in ESSA consultations

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Annex 3: INTERVIEWS WITH LGUS ON SOCIAL MANAGEMENT

Field visits to a representative sample of local government units (LGUs) including Village Councils (VCs), Joint Service Councils (JSCs), and MoLG District Offices (Dos), which included collection of baseline information on existing conditions of the natural and built environments, and consultations with LGU technical staff as an input to the capacity and performance assessment. A representative sample of LGUs to visit was selected to take into account population, geographic variation (different governorates in West Bank). Survey data were collected from all LGUs by a consultant to complete information on human and financial resources and management practices.

Meetings, interviews, and workshop sessions were conducted with government agencies, the Ministry of Local Government (MoLG), District Offices (DOs), the Municipal Development and Lending Fund (MDLF), Village Councils (VCs), Joint Service Councils (JSCs), and Development Partners.

Findings cited in this document are based on field visits by a local consultant and phone discussions regarding LGUs capacity to manage social risk (see below table).

<i>Village Councils/ Joint Service Councils Interviewed (Field Visits or By Phone)</i>	Governorate Name	Population 2012 (PCBS)
'Aja	Jenin	5,397
Barta'a ash Sharqiya	Jenin	4,459
Salim	Nablus	5,366
Tell	Nablus	5,419
Rujeib	Nablus	4,495
'Awarta	Nablus	5,961
Khirbet Abu Falah	Ramallah	4,304
Shuqba	Ramallah	4,844
Qibya	Ramallah	5,279
Deir Jarir	Ramallah	4,293
Kafr Ni'ma	Ramallah	4,039
Saffa	Ramallah	4,095
Beit 'Ur at Tahta	Ramallah	4,709
Kharbatha al Misbah	Ramallah	5,613
Kafr 'Aqab	Jerusalem	17,941
Al Jib	Jerusalem	4,419
Hizma	Jerusalem	6,566
Battir	Bethlehem	4,252
Husan	Bethlehem	5,949
Hindaza and Braid'ah	Bethlehem	5,762
Ash Shawawra	Bethlehem	4,005
Nahhalin	Bethlehem	7,515
Beit Kahil	Hebron	7,096
Al Burj	Hebron	4,213
Ar Ramadin	Hebron	4,189
Qusra	Nablus	4,640
Beiteba	Nablus	
JCS for Solid waste	Nablus	
JSC for Planning and Development : Sabastia	Nablus	
JSC for Planning and Development - Aqraba	Nablus	

