State and Peace-building Fund

Project Proposal

West Bank and Gaza: Water Supply and Sanitation Improvements for West Bethlehem Villages

May 23, 2012

Water Unit
Sustainable Development Department
Middle East and North Africa Region
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1. **KEY PROJECT INFORMATION**

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<th><strong>Project Name</strong></th>
<th>Water Supply and Sanitation Improvements for West Bethlehem Villages</th>
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<tbody>
<tr>
<td><strong>Country/Countries of Implementation</strong></td>
<td>West Bank and Gaza</td>
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<tr>
<td><strong>Recipient and Implementing Agency</strong></td>
<td>Palestinian Water Authority/ Joint Service Council for Planning and Development of West Bethlehem</td>
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<td><strong>Grant requested amount</strong></td>
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<td><strong>Duration of Project</strong></td>
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<td><strong>Co financing Amount (Please specify IDA, TF, Other)</strong></td>
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<td><strong>Supervision Allocation (by year)</strong></td>
<td>$30,000 (FY12) + $30,000 (FY13) + $30,000 (FY14)</td>
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<tr>
<td><strong>Name of TTL</strong></td>
<td>Richard W. Pollard</td>
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<tr>
<td><strong>Unit/Sector</strong></td>
<td>MNSWA</td>
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<tr>
<td><strong>Name of Country Director</strong></td>
<td>Mariam Sherman</td>
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<tr>
<td><strong>Name of Sector Manager:</strong></td>
<td>Francis Ato Brown</td>
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<td><strong>Date of Decision Review</strong></td>
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<td><strong>Date endorsed by Sector Manager</strong></td>
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<tr>
<td><strong>Date of Planned Mid Term Review</strong></td>
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2. **EXECUTIVE SUMMARY**

The proposed project would provide financing to (i) determine, through a comprehensive feasibility and design study the optimal solution for sustainably managing the wastewater and wastewater reuse in five Palestinian communities in the western rural area of Bethlehem District in the West Bank, (ii) finance the replacement of piped water supply networks in four communities and construction of new reservoirs to improve the water supply for two of these communities, and (iii) develop the capacity of local institutions (the Joint Services Council for Planning and Development (JSCPD) and Village Councils) within the project area to plan and manage improved water supply and sanitation infrastructure, including safe reuse of treated wastewater for agricultural purposes.

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1 Battir, Husan, Nahhalin, Wadi Fukin, and Walajeh
2 Walajeh village is served by the Water Supply and Sanitation Association of Bethlehem (WSSA) and its water network to be improved by the WSSA with financing by the EU.
3 The two villages are Battir and Nahhalin. Each community requires a 1000m³ reservoir.
The project development objective is to improve, through a pilot project, the delivery of water and the planning of wastewater services in conflict-affected rural communities that are marginalized due to mobility restrictions in West Bethlehem region.

There are about 25,000 Palestinians living in the targeted rural communities that have been marginalized due to mobility restrictions because they are located in Areas B and C in the West Bank and are also behind (i.e., on the Israeli side of) the path of the proposed separation barrier within the West Bank that is under construction by Israel and have received little donor assistance for water supply or sanitation improvements. Ingress and egress to the area is constrained by limited access through checkpoints. Donor investments in Area C in particular has been severely limited due to the risks involved, although it is widely acknowledged that development needs are comparatively severe in Areas B and C. The pilot project would provide experience on which to base Bank decision-making on whether and how to invest in rural water supply and sanitation projects in future sector work in the West Bank, and in particular in Areas B and C. It would also pilot ongoing water sector institutional reforms at the local level by strengthening JSCPD capacity to manage water and sanitation services.

The project is expected to achieve the following results:

1. A completed feasibility study for wastewater management and reuse in the project area acceptable to the project beneficiaries, the Palestinian Water Authority, and the World Bank, including a project concept document with estimated costs for investment in wastewater management and reuse infrastructure;

2. Improved reliability of piped water supply for the four villages of Battir, Nahhalin, Husan and Wadi Fukin resulting in 24 Hr. supply throughout the year;

3. Improved capacity of the Water and Wastewater Unit within the JSCPD to plan, manage, operate, and maintain water and wastewater services, as measured by the preparation of a business plan and improved recovery of O&M costs to reduce reliance on subsidies from the Palestinian Authority.

The project addresses the objectives of the State and Peace-building Fund in the following ways. It would strengthen the capacity of the West Bethlehem JSCPD through its newly established Water and Wastewater Unit to plan and manage water and wastewater services in the project area, thereby improving governance and institutional performance at the local level to ensure basic service delivery and providing a model for doing so in other rural Palestinian communities in accordance with planned water sector institutional arrangements for the West Bank and Gaza. It would also reconstruct water supply infrastructure that has been neglected in the project area following the occupation of the West Bank by Israel and improve access to this basic service by the conflict-affected communities in the project area. In addition, the project would improve natural resource management by increasing the efficiency of water supply management (by reducing water losses) and identifying solutions for surface and groundwater pollution resulting from poor human waste management.

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4 The Oslo Accords divided the West Bank into three administrative divisions. Area A is both controlled and administered by the Palestinian Authority. Area B is controlled by the Israeli Civil Administration, but administered by the PA. Area C is both controlled and administered by the Israeli Civil Administration.

5 The water supply in the area is continuous, however the deteriorated networks causes high percentage of water losses and areas with very low pressure. Rehabilitating the networks and constructing water reservoirs will conserve water and improve the quality of service in the affected communities.
In the long term, the project outcomes should contribute to peace-building between neighboring Palestinian and Israeli communities by reducing conflicts over pollution of water sources (if the wastewater management feasibility study leads to financing and completion of wastewater management facilities), and reducing conflicts over basic access to water supplies by improving the level of water service to the Palestinian communities that have been disadvantaged in this regard since the Israeli occupation.

The project concept originates from the ongoing “Good Water Neighbors” program (GWN) that is facilitated by the NGO Friends of the Earth – Middle East (FOEME) to raise awareness of the shared water problems of Palestinians, Jordanians, and Israelis. The GWN methodology is based on identifying cross border communities and utilizing their mutual dependence on shared water resources as a basis for developing dialogue and cooperation on sustainable water management. FOEME has catalyzed a constructive dialogue between the Israeli Civil Administration, Palestinian communities and neighboring Israeli communities along their respective sides of the Green Line and would continue to facilitate to ensure that construction permits and other permissions are acquired in a timely manner for the project to succeed.

3. **OVERVIEW AND RATIONALE FOR SPF FUNDING**

Most of the West Bank’s water resources are found in three shared aquifers. All three of these aquifers derive most of their recharge from rainfall and snowmelt on the Palestinian side of the Green Line. Palestinians abstract about 20% of the “estimated potential” of the aquifers lying beneath the West Bank; Israel abstracts the balance, and in addition overdraws on the “estimated potential” by more than 50%. Although reliable numbers are hard to find, evidence is that over the years since the Oslo Accords, Palestinian abstractions in the West Bank have been in the range 113 MCM – 138 MCM, or about 17-20% of the “estimated potential”. The balance from the aquifers – together with a substantial overdraft – is abstracted by Israel, both within the West Bank and west of the Green Line, and an Israeli over-extraction of 389 MCM (80%) more than the agreed Oslo allocation of 483 MCM.

Water withdrawals per capita for West Bank Palestinians are about one quarter of those for Israelis, and withdrawals have declined over the last decade. By 2007, the Palestinian population had access to only about one quarter of the ration of their Israeli counterparts: West Bank Palestinians had about 123 lpcd, and Israelis about 544 lpcd. At the time of Oslo II, Palestinians were using 118 MCM from the West Bank aquifers. By 2007, this had decreased to 113 MCM, whilst the population had grown by about 50% over the same period. The West Bank is the last among Jordan Basin riparians in access to available water, with a quarter of the resources that are available to Israel.

Despite water scarcity and a relatively small geographical scope, the Palestinian water sector in the West Bank is fragmented. The policy, planning and regulatory roles belong to an inter-ministerial body that has met only once, the National Water Council (NWC), and to the Palestinian Water Authority (PWA), along with the Ministry of Agriculture for matters relating to irrigation. On the service side, water production is carried out by the West Bank Water Department (WBWD) under the PWA, as well as by municipal and private well operators. Depending on the community, water distribution is managed by regional utilities (e.g. Jerusalem Water Undertaking, Water Supply and Sewerage Authority for Bethlehem region) and municipal utilities in urban areas, or by Village Council water departments and Joint Service Councils (JSCs) in rural areas. To varying degrees the bulk water supply of these fragmented, often low capacity operators is dependent on a single high capacity Israeli bulk water supply company (Mekorot) that provides bulk water supplies through interconnected systems.
Sewage and wastewater treatment have low coverage and safe reuse is virtually non-existent. In the West Bank, only ten towns are served by sewer systems, of which four towns have treatment plants and none has a significant reuse scheme. According to PCBS surveys about 69% of the West Bank population still relies on septic tanks. Of the remaining 31% of sewage that is collected by sewers, little is adequately treated. Existing plants at Hebron, Jenin, Ramallah and Tulkarem are performing well below design capacity: current efficiency is 10-30%, and effluent quality is poor. The failure to develop wastewater systems is the more damaging because under the Oslo Accords, water supply quantities – and hence wastewater quantities – have gone up. The environment and groundwater quality have both suffered as a result. It is estimated that a total of 25 MCM of untreated sewage discharged to the environment each year at over 350 locations in the West Bank.

**Bethlehem Governorate Water Strategy**

The Bethlehem District is located to the south of Jerusalem City, in the southern part of the West Bank. It is bounded by Hebron District to the south and south-west, the Dead Sea to the east and Israel to the west.

The total population of the district is estimated to comprise about 188,880 Palestinians\(^6\) and about 50,000 Israeli settlers\(^7\). The Climate of Bethlehem area is of the semi-arid Mediterranean type, characterized by a dry season and rainy season. The average annual rainfall in Bethlehem area is about 550 mm per year and the average annual temperature is 20°C.

To address the water sector issues in the region, the PWA worked with Bethlehem Governorate in 1998 to develop a Master Plan for Water Distribution in the Bethlehem area. The Plan addresses the geographic area under the jurisdiction of the Bethlehem WSSA, which does not include the rural communities that are proposed for support under the project described in this proposal.

**The Project Area**

In the western rural areas of Bethlehem district, five villages, representing a population of around 25,000 people (Battir, Husan, Nahhalin, Wadi Fukin, and Walajeh) are facing severe environmental and human health issues due to the pollution of springs by untreated wastewater. Recent media reports have identified spring water polluted by human waste as the source of contamination of agricultural products grown in the area, threatening the major source of livelihood of the villages. More broadly, studies have indicated that 50% of water pollution loadings in the West Bank can be traced to rural communities with inadequate wastewater management infrastructure.

The water system in the five villages\(^8\) has also deteriorated. The internal networks were built in the 1970s, and were rehabilitated partially in the 1990s. Unaccounted for water now averages about 40%. The main source of water is from the Israeli bulk water supply company Mekorot provided through the Palestinian West Bank Water Department (see Annex 8 for more details).

Although common in West Bank rural areas, the situation in these communities the more critical since, as a result of the Oslo Accords, the five villages are located in the Israeli jurisdiction area known as Area “C” for their non-urbanized part and in Area “B” for their built-up parts. The entire area is west of the

\(^{6}\) Palestinian Central Bureau of Statistics, 2010 data.

\(^{7}\) ARIJ, 2010

\(^{8}\) Alwalageh village is been served through the WSSA who will rehabilitate its internal network from EU support.
future Israeli-planned barrier which raises sensitive cross-borders issues, in particular the need for approval from the Israeli Civil Administration (ICA) for all infrastructure to be constructed within Area “C” boundaries. ICA is committed to improve the sanitation situation. The water networks located in Area (B), where no permits from the ICA are needed, require approval from the Technical Joint Water Committee 9.

The mayors of 19 villages in West Bethlehem have joined together to organize a Joint Service Council for Planning and Development10 (JSCPD). Among these 19 villages, the five villages in this proposal have signed a memorandum of understanding with the JSCPD specifically for the purpose of pursuing solutions for water pollution in the area. The JSCPD is well organized, staffed with a professional team and capable of managing this effort if supported by external consultants11. Furthermore, the JSCPD is currently in the process of establishing a Water and Wastewater Unit (WWU) to plan and manage water and sanitation services for the communities under its jurisdiction.

Despite the critical socio-economic and environmental situations that the rural areas are facing in West Bank and Gaza generally, and more specifically in the proposed project area, the JSCPD has proved, since establishment in year 2001, to be able to provide basic services in its jurisdiction. The Italian Cooperation Program (Palestinian Municipal Support Program “PMSP”) implemented by the Ministry of Local Government (MLG) has supported the formation of the WWU by purchasing essential furniture and office equipment, and financing 30% of the running costs of the Unit, including salaries of 4 staff members for two years (until end of 2012).

The mayors of the proposed villages, together with the head of the JSCPD, have also been working with the Friends of the Earth Middle-East (FoEME)12 offices in Bethlehem and Tel Aviv to address the environmental and cross border issues. This cooperation has led to strong cross-border ties between neighboring Israeli and Palestinian local residents and heads of communities and an understanding of the need to work together on water and sanitation issues.

The village leaders have held meetings facilitated by FoEME with both the Israeli and Palestinian authorities, including the Palestinian Water Authority, the Israeli Water Authority, the Israeli Civil Administration (ICA)13 and several donor agencies. To see this level of interest on the part of local leaders in addressing the issue of wastewater pollution and in establishing cross-border relations for that purpose is still somewhat rare and makes the West Bethlehem area a prime location to develop a demonstration project, as already established cooperation and relations increase the likelihood of the project being a success.

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9 The PWA has indicated that this only requires passing an application through fax to the Israeli Technical committee who approve, sign and send back to PWA.

10 JSCPDs are inter-municipal cooperation structures and are part of the Palestinian local government structure

11 The World Bank-financed Village and Neighborhood Development Project has worked with 11 JSCPDs in the West Bank. The Bethlehem JSCPD has been found by the project team to be one of the more advanced in the West Bank. Compared with many of the others it is quite well staffed and quite well resourced.

12 Friends of the Earth Middle East is a joint Israeli, Jordanian and Palestinian organization that deals with transboundary environmental problems in the Middle-East. The organization promotes solutions to shared environmental problems as part of advancing efforts for peace building in the region. FoEME is a member of Friends of the Earth International, the largest network of environmental NGOs, with member organizations in 70 countries. FoEME has offices in Tel-Aviv, Bethlehem and Amman. FoEME’s main issue area is water, focusing on shared water basins such as the Mountain and Coastal Aquifers, the Dead Sea, and the River Jordan.

13 A preliminary meeting held in June 2009 by FoEME, the JSC and ICA has confirmed support from the ICA to the project. The ICA international Relation officer assured the WB mission that they support the components of the project and they will help in issuing any needed permits, once it’s been submitted officially.
The JSCPD has asked for support from the Palestinian Water Authority to improve water and sanitation services in the project area and strengthen its capacity to manage them through the newly established WWU. PWA in turn has requested financial assistance from the Bank to support this demonstration project.

**The Water Sector and the Palestinian Water Authority**

At the Paris Pledging Conference on December 17, 2007, the PA presented a three-year Palestinian Reform and Development Plan (PRDP 2008-10) for assigning resources to PA’s priorities in Governance, Economic and Private Sector Development, Social Development and Infrastructure. PRDP, in its vision for a future Palestinian state, highlights the importance of building social capital and promoting solidarity through local governments that are responsive to citizens. Together with transport, the water & wastewater management sector is prioritized. Combined, both sectors represent $287 million of the total $364 million dedicated to infrastructure development over the Plan period.

The Palestinian Water Authority (PWA) is the Palestinian Authority’s central agency with responsibility for water sector development and services. PWA is currently leading a comprehensive water sector reform initiative that, inter alia, will redefine the water sector institutional framework. The development and management of water supply and sanitation services will progressively be delegated to local institutions, with PWA developing the capacity to regulate, monitor, and provide technical support to service providers. JSCPDs are expected to progressively take on greater and more formalized responsibilities for water and sanitation service provision in towns and rural areas. The project would model institutional innovations by supporting the establishment and building the capacity of the JSCPD’s Water and Wastewater Unit in accordance with the ongoing sector reforms, and provide experience to guide implementation of the reforms throughout rural communities in the West Bank and Gaza. Therefore, PWA considers this project as highly in line with its institutional and infrastructure development vision (see endorsement letter from PWA in annex 10).

The Bank is supporting the Water Sector Capacity Building Project (WSCBP), the objective of which is to strengthen the capacity of PWA to more effectively plan, monitor, and regulate water sector development in the West Bank and Gaza. The core of WSCBP is a Technical and Planning Advisory Team (TPAT) of consultants, which is now being mobilized to work together with PWA staff to build the capacity of the agency to implement Palestine’s reformed water and wastewater sector policy and strategy. The proposed Project will be in line with the water and wastewater strategies to be supported by the TPAT. The wastewater feasibility study will be carried out in close cooperation with the wastewater specialist working with the TPAT, to ensure the consistency of the sector development and structural vision as articulated in the sector review reform report and the TPAT outcome.

This project will provide an opportunity for PWA to test and refine strategies for improving the provision of water and wastewater management services in rural areas and in particular for conflict-affected communities in Areas C and B. The steering committee established for the WSCBP will review the feasibility study and ensure that the project approach coincides with the newly reformed sector policies and strategies.

**Fit with the World Bank’s Interim Strategy for the West Bank and Gaza**

The Bank’s current Interim Strategy for the West Bank and Gaza includes improved access to safe water and sanitation as the fourth and largest component of the grant portfolio. In line with the PRDP, an

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14 The "Water Sector" includes water resources management and water supply and sanitation services.
update of the Interim Strategy now under preparation will consider increasing investment in the water and wastewater sector.

To help reach PRDP’s vision of the future, the Bank is financing the Village and Neighborhood Development Project (VNDP) to support the PA’s efforts to promote social solidarity and empower communities to manage their own development process. VNDP aims to establish a model for community development in villages, marginalized urban neighborhoods and refugee camps.

The proposed project will complement VNDP by testing the model in conflict-affected villages located west of the Separation Barrier in Areas B and C. The proposed feasibility study is expected to provide a potential framework for expanded Bank investment in other rural communities to improve water and environmental sanitation conditions.

The Bank’s funding for the West Bank and Gaza is limited and is dependent on IDA Special Grant Funds, which are fully committed. The project’s location in Area C presents risks which recommend the use of SPF financing in lieu of IDA Special Funds for this initiative.

4. PURPOSE OF THE GRANT

(a) Project Development Objective

The project development objective is to improve, through a pilot project, the delivery of water and the planning of wastewater services in conflict-affected rural communities that are marginalized due to mobility restrictions in West Bethlehem region.

The project is expected to achieve the following results:

i. A completed feasibility study for wastewater management and reuse in the project area acceptable to the project beneficiaries and the World Bank, including a costed project concept for investment in wastewater management and reuse infrastructure

ii. Improved reliability of piped water supply for the four villages of Battir, Nahhalin, Husan and Wadi Fukin resulting in a reliable 24 Hr. supply throughout the year.  

iii. Improved capacity of the Water and Wastewater Unit within the JSCPD to plan, manage, operate, and maintain water and wastewater services, as measured by the preparation of a business plan and improved recovery of O&M costs to reduce reliance on subsidies from the Palestinian Authority

(b) Project Beneficiaries

The project would directly benefit at least 25,000 Palestinians living within the five villages within the proposed project area. Approximately half of the beneficiaries are expected to be women. The rural and peri-urban families in the project area are predominantly farmers and small traders with low incomes.

The PWA and JSCPD would benefit from capacity building for water supply and sanitation service management and support for operationalizing water sector reform for rural water and sanitation service provision.

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15 The water supply in the area is currently continuous, but the deteriorated networks and increased demand resulting from population growth causes extended periods of very low or no pressure, high water losses, and contamination of supplies during periods of negative water pressure. Rehabilitating the networks and constructing water reservoirs will reduce water losses, improve water pressure, and reduce the risk of contamination.
The project would also develop and demonstrate a model for providing water and sanitation services to an expanded rural Palestinian beneficiary base through possible future financing in new projects and communities by the World Bank and other donor partners.

(c) Description of project

The proposed project would provide financing to (i) determine, through a comprehensive feasibility and design study the optimal solution for sustainably managing the wastewater and wastewater reuse in five Palestinian communities in the western rural area of Bethlehem District in the West Bank\(^{16}\), (ii) finance the replacement of the severely deteriorated pipe network for water supplies in the four communities and the construction of reservoirs to improve the water supplies for two of these communities (Battir and Nahhalin)\(^{17}\), and (iii) develop the capacity of local institutions (principally the Joint Services Council and village councils) within the project area to plan and manage improved water supply and sanitation infrastructure, including safe reuse of treated wastewater for agricultural purposes.

The project will contribute to mitigating Palestinian economic and governance fragility by building the capacity of local institutions for managing basic services (water supply and sanitation), reducing environmental health risks by improving the quality of drinking water supplies and providing a plan for reducing ground and surface water pollution from human waste, and contribute to improving agricultural productivity through providing a plan for safe wastewater reuse for agriculture production. The area contains rich agricultural land and is well-known for vegetable production in the region, but production is constrained by limited access to water resources. Currently, human waste is disposed of in poorly designed and dysfunctional septic tanks and cesspits (infiltration pits), which are contributing to surface and groundwater pollution\(^{18}\) and wastewater is not reused. Furthermore, poor sanitation contributes to social tension in these communities when waste from overflowing or leaking septic tanks spills onto a neighbor’s property.

The wastewater management feasibility study will provide a long-term solution for the area that would improve the public health, environment and socio-economic situations in the area. A public awareness campaign program will address environmental impacts of the usage of the cesspits and septic tanks and focus on mitigating measures that individuals and households can take to meet minimum environmental standards.

The existing piped water network, which distributes water purchased from the Israeli bulk water utility Mekorot, is old and suffers from extensive leakage. Water losses in the network are in excess of 40%.

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\(^{16}\) Financing for wastewater management civil works is not a part of this proposal. It is expected that the feasibility study resulting from the project will be used to “market” investment in civil works to donor agencies.

\(^{17}\) Water main line passes through Nahhalin with high pressure and reaches Battir with low pressure. Two elevated reservoirs (1000cm each) are planned to manage constant and reliable water supply to the villages.

\(^{18}\) Water quality analysis by PWA in the communities has identified increased nitrogen levels in groundwater, and fecal contamination in spring water in Battier.
Furthermore, population growth in the communities since the water system was first constructed (1970's) has been considerable and the storage capacity is now inadequate. Water pressure is low and there are regular outages in higher elevation neighborhoods in the summer months. The project would focus on improving water pressure and consistency of supply in the two most critically affected communities, - Nahhalin and Battir, and reduce water losses through network rehabilitation for the entire system.

Five rural communities are proposed to be included in the project, as summarized in Table 1 below:

<table>
<thead>
<tr>
<th>Table 1: Villages proposed for inclusion in the SPF-financed project</th>
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<tr>
<td><strong>Battir</strong></td>
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<tr>
<td>Population</td>
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<tr>
<td>Water Purchased (m³/year)</td>
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<tr>
<td>Water Consumption (lpcd)</td>
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<tr>
<td>Unaccounted for water (%)</td>
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<tr>
<td>Collection Ratio (%)</td>
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<tr>
<td>Cost (NIS/m³)</td>
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<tr>
<td>Avg. wastewater production (m³/Yr.)</td>
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*Battir has two springs producing about 700m³/day. This spring water is currently used for both irrigation and domestic use, but they are not connected to the pipe network because the water quality is poor.

These communities are in an area adjacent to the “Green Line” and there are also Israeli settlements in the West Bank that are nearby. There are therefore sensitivities about how wastewater is managed, both as a pollutant and as a resource for irrigation. The support of the NGO Friends of the Earth – Middle East (FOEME) should help mitigate this risk. The project concept originates from FOEME’s ongoing “Good Water Neighbors” program (GWN). As such, the project has and will continue to receive facilitation support from FOEME to ensure effective cooperation from neighboring communities, settlements and the Israeli Civil Administration. The Civil Administration has confirmed that construction permits will be issued and they have provided a letter of support in principle for the sanitation feasibility study (see Annex 6).

The Project would help to assess and then build the capacity of the JSCPD to plan and manage water and sanitation services. JSCPD is an effective local institution that the PWA and the MLG are supporting to manage water and wastewater services in rural communities. By implementing this project, ties between the five communities may be strengthened and thereby help facilitate administrative amalgamation more broadly. Amalgamation is a goal that was set by the MLG to reduce the number of local authorities and village councils to ensure the viability and sustainability of these local government institutions.
The capacity building initiative would begin with an assessment of the current capabilities and needs of the JSCPD and in particular its nascent water and wastewater unit with respect to its ability to sustainably manage water and sanitation services. Based on that assessment a program of training activities will be developed that can be financed with the resources that the project will make available. The project will also finance for two years the costs of two engineers that the JSCPD will employ within the WWU. To support cost recovery, a public awareness campaign will be designed and implemented to explain to the project beneficiaries the service improvements that the project will bring and encourage prompt and full payment of tariffs.

(d) Project Components

The project will be implemented in two phases:

**Phase 1: Feasibility study, design and assessment**

- **Component 1: Feasibility study for the wastewater networks.** Estimated cost: US$300,000. Activities will include consulting services to prepare a feasibility study to evaluate and recommend appropriate wastewater management alternatives and to prepare conceptual engineering designs for wastewater management infrastructure and effluent reuse covering the communities of Husan, Nahhalin, Battir, Al-Walaja, and Wadi Fukin.

- **Component 2: Detailed Design of the Water Supply System.** Estimated cost: US$250,000. Consulting services will be financed to prepare a detailed design of the infrastructure for the water supply system, preparation of an Environmental and Social Impact Assessment (ESIA) and an Environmental Management plan (EMP), and assessment of the needs for building the capacity of the JSCPD. The ESIA will identify environmental, social and cultural heritage risks and provide mitigation measures. The PWA will complete the study prior to the Grant Agreement signature, therefore, the project will allow for retroactive payments of US$ 100,000 for this activity or any other needed activities for the project preparation.

- **Component 3 (continuing through Phase 2): Project Management.** Estimated cost (US$ 150,000). The Palestinian Water Authority (PWA) through its project management Unit (PMU) will manage and implement the project, and liaise with Israeli authorities to secure all permits that may be required for project activities. This sub-component will cover PMU incremental costs and the cost of two site engineers to be employed by the JSCPD in supervising the work at site. Their assignments will continue within the JSCPD after the project is completed. The PWA will hire an auditing firm to prepare the financial audited reports, as well as a monitoring and evaluation consultant who will prepare two evaluation reports at the midterm and the completion of the project.

**Phase 2: Construction of Civil Works**

Phase two will be carried out contingent on the completion of Phase One design activities to the satisfaction of the JSCPD, the PWA and the World Bank, and securing of all permits and clearances required from Israeli and Palestinian agencies to execute the civil works. The legal agreement will
include a provision for cancelling the portion of the grant allocated for Phase 2 activities if these conditions have not been met within a specified time period.

- **Component 4.** Rehabilitation and improvement of the drinking water supply networks. Estimated cost: $2,750,000. Activities will include replacement of the water supply networks in the villages of Husan, Nahhalin, Battir, and Wadi Fukin, construction of a small (200M²) warehouse for pipe fittings and other materials, and construction of water supply reservoirs to serve the communities of Battir and Nahhalin.

- **Component 5.** Capacity Building. Estimated cost is (US$ 200,000). This component will build the capacity of the newly established water and wastewater unit (WWU) in the JSCPD to carry out the operation and maintenance of the WSS system after has been completed. Based on the results of the assessment of JSCPD capacity to be done under component 3 during phase 1, activities will include, but not limited to, providing training for the JSCPD staff to be able to operate and maintain the new facilities in an efficient manner. This will also include supplying the JSCPD with maintenance equipment and tools, and software (GIS and accounting and billing systems). The PMU in the PWA will be assisted in operating a GIS system and training under this component too, to allow for knowledge transfer to other JSCPDs. Capacity building activities will also be closely coordinated with the PWA capacity-building program that is supported under the Water Sector Capacity-building Project to ensure complementarity and efficient use of resources.

*(e) Time line for implementation*

The project is expected to be completed within a thirty six month time frame. The feasibility study for wastewater management and reuse would require 12 – 18 months, including the consultant procurement process. The detailed design of the water network will take approximately 10 months, including the procurement process.

The contract for replacing the pipe networks for four villages and constructing the water supply reservoirs would also require up to 24 months for preparing social and environmental safeguards instruments, completing any potential resettlement or land acquisition programs, procuring a contractor, and executing the civil works. A consecutive six months have been allocated for capacity building and training activities that would be developed as a part of Phase One and are in part dependent on the strategy and solutions the JSCPD assessment study recommends.

The implementation of the capacity building component will continue throughout the project period, more specific, the capacity building component would be tackling but not limited to the following main activities:
<table>
<thead>
<tr>
<th>Input/Capacity Building Activities</th>
<th>Output</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conducting Institutional Assessment for the JSCPD. (component 2, through consultancy services)</td>
<td>Report identifying the institutional strengths and weakness and including improvement programs</td>
<td>Institutional Development and capacity building of the JSCPD (mainly the WWU) is improved</td>
</tr>
<tr>
<td>On job training for the JSCPD staff through the project cycle (water and wastewater components. Consulting services in design and studies are required)</td>
<td>Staff are trained during the project implementation and on the job during implementation by PWA staff.</td>
<td>Staffs are skilled to take over the operation and maintenance, administration, finance, accounting, billing and collections, and other service management tasks.</td>
</tr>
<tr>
<td>-Develop Tariff structure in cooperation with the community development organization and in partnership with the consumers. This will include workshops, public hearing and public awareness campaign. (Component 5. Consulting services required)</td>
<td>-Approved tariff structure in place. -Accounting and Billing system is in place. Staff are trained to use the accounting and billing system. - Staff are trained on the collection methods and techniques. - Community participation through workshops and public awareness campaign is done. - Public awareness campaign program on water and wastewater issues is developed and implemented.</td>
<td>-Implementing effective tariff structure that is acceptable by the community. -The JSCPD has efficient accounting. - improved financial management. - Tariff collection is improved gradually and significantly.</td>
</tr>
<tr>
<td>-Provide Geographic Information System (GIS) for the JSCPD and for the PWA. This will include training of their staff (Component 5. Through vendor and consultant)</td>
<td>GIS systems are installed for the PMU and the JSCPD and staff are trained</td>
<td>-Efficient planning and management for the water and wastewater system and for the project’s planning and implementation at the JSPD and the PMU. (GIS is implemented as a source of data for planning and management; (Basic data about the implemented system and base maps, etc. will be attached to the GIS, The JSCPD will use the GIS in their planning purposes and in managing the water and wastewater systems.</td>
</tr>
<tr>
<td>Provide the JSCPD with maintenance equipment and tools, including training on these equipment and tools for the maintenance staff. (Component 5. Vendor consultant)</td>
<td>-Tools and equipment are purchased and staffs are trained. - Unaccounted for water ratio is reduced from 40% to 25%</td>
<td>-The water supply is continuous and reliable.</td>
</tr>
<tr>
<td>Training for the technical and management staff of the JSCPD (Component 5. Consultant)</td>
<td>Training to be conducted based on capacity and needs assessment and knowledge and skills of the trained staff improved.</td>
<td>- More effective and efficient management of WSS services by the JSCPD and improvement of consumer satisfaction. - Environmental standards for managing the existing wastewater system prior the establishment of the wastewater treatment are being applied.</td>
</tr>
</tbody>
</table>

Table 2: Capacity-building Matrix
**Key Results**

Key results indicators would include the following:

1. A completed feasibility study for wastewater management and reuse in the project area acceptable to the project beneficiaries and the World Bank;
2. A costed project concept for investment in wastewater management and reuse infrastructure;
3. Improved reliability of piped water supply for the four villages of Battir, Nahhalin, Husan and Wadi Fukin resulting in 24 Hr. supply with adequate pressure and water quality throughout the year;
4. Improved capacity of the Water and Wastewater Unit within the JSCPD to plan, manage, operate, and maintain water and wastewater services, as measured by the preparation of a business plan and improved recovery of O&M costs to reduce reliance on subsidies from the Palestinian Authority.

**Key Risks**

Please see Annex 2 for the Operational Risks Assessment Framework (ORAF) for a detailed assessment of risks. The project faces significant political and security risks during implementation. In general, there is a risk that the volatile political and security situation could jeopardize smooth implementation, particularly if closures and curfews remain in place for an indefinite period. Current Bank experience indicates that projects can be implemented even under the very difficult circumstances that exist today in both Gaza and the West Bank. Nonetheless, there is the possibility of further serious deterioration in the political and security conditions, to the point where extended border closures or enforced work stoppages might halt delivery of material and supplies for long periods.

A related risk is the requirement for permits from the Joint Water Committee for project civil works in Area B, and from the Israeli Civil Administration for any works that may be proposed in Area C. The proposed location for the reservoirs straddles the boundary between areas B and C. The Project Team has received verbal assurances from the ICA that permits would be provided within a six month time frame, but there is a significant risk of delays or denial of permits for technical or political reasons. For that reason, the project has been designed in two phases, with implementation of the second phase being contingent, inter alia, on the securing of all required permits from the Israeli authorities.

Safeguards risks for the water supply rehabilitation activities are low, but the safeguards risks associated with the likely solutions for wastewater management that will be identified in the feasibility study are likely to be substantial and relatively complex. The project will address prevailing poor environmental conditions and practices and aim to improve them. Potential involuntary resettlement impacts or land acquisition requirements are expected to be minimal for the water supply activities. An Environmental, Social, and Cultural Heritage Impact Assessment (ESCHIA) for the water supply rehabilitation activities will be completed and any additional mitigation measures incorporated in the final project design prior to signing the grant agreement. Retroactive financing will be specified in the grant agreement for this purpose.
The sites for the proposed water reservoirs for Battir and Nahhalin villages have already been secured (Annex 9 provides the commitments of the two village councils on the availability of the land). All other civil works pertaining to water supply will be replacing or repairing the existing pipe network. No new land acquisition will be required, but there may be minor and temporary disruption of local economic activities or private property while rehabilitation work is taking place.

The feasibility study for wastewater management will identify safeguards issues related to wastewater management so that they can be addressed in a subsequent phase. Issues that may arise include environmental and public health risks associated with wastewater reuse and disposal of treated effluent and sludge. Wastewater reuse is widely practiced and well regulated in Israel, and the lessons should be applicable in the West Bank. In addition, under the North Gaza Emergency Sewage Treatment Project the PWA is developing a wastewater reuse scheme, and the lessons and experience from that project will enhance PWA’s capacity to provide guidance in the project proposed herein.

The ESCHIA will assess whether the project presents any risks or liabilities pertaining to cultural properties, since parts of the project area are proposed for Global Heritage status.

5. PROJECT READINESS

(a) Recipient organization

The proposed recipient organization is the Palestinian Water Authority (PWA). The PWA, as the apex water sector institution for the Palestinian Authority, is responsible for managing water resources throughout the West Bank. The PWA is currently leading a process of sector reform that will, inter alia, redefine institutional roles for water resources management, regulation, bulk supply, and water and wastewater service provision.

The World Bank, AFD, and Sida are financing technical assistance to the PWA through the Water Sector Capacity Building Project (WSCBP) to assist with the reform process and to build the capacity of PWA and other sector institutions to operationalize the reforms and strengthen water sector planning, management, and monitoring. The capacity that is being built under this program will directly strengthen PWA’s ability to manage the proposed activities envisaged under the project described in this proposal. Inter alia, the PWA will recruit additional financial management staff and receive training and guidance on the financial management practices required for World Bank-financed activities. Studies and policy analysis concerning wastewater management and reuse will also be supported through WSCBP.

As a part of the reform process, the PWA will progressively build the capacity of local institutions to plan and manage water and wastewater services. The JSCPDs have the potential to become utilities in their

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19 The land for Battir reservoir is already owned by the municipality, while for Nahhalin the land it has been donated by one of the citizens for the village council to be used for the establishment of the water reservoir. Both tracts are located in Area C but adjacent to Area B. The PWA and the Project Team have received assurances from the ICA that acquiring permits for construction at these two sites is not likely to be difficult.
State and Peace-Building Fund (SPF)

**PROJECT PROPOSAL: WATER SUPPLY AND SANITATION IMPROVEMENTS FOR WEST BETHLEHEM VILLAGES**

own right. To do so they would require substantial strengthening in the areas of corporate governance, financial and asset management, strategic planning, human resource management, customer care and service. In this project, PWA will aim to establish the JSCPD for West Bethlehem as the water and wastewater management entity for the Wadi Fukin area. This approach is consistent with the findings of the recently completed Institutional Water Sector Review Report (IWSR).

PWA is an institution of the Palestinian Authority. The agency has an established Project Management Unit with extensive experience in water supply and sanitation system design, construction, and contract management. It is expected that the sector reform process will result in the current responsibilities of the PWA being split between: (i) A new Water Ministry that will be responsible for sector policy and strategy as well donor relations, and (ii) an independent PWA that will be responsible for regulating and monitoring the implementation of national policies and standards. The PMU of the PWA will oversee the development of the water and wastewater sectors and assist service providers to improve their technical and customer service quality.

**(b) Implementation arrangements**

*Implementing Institutions*. The Palestinian Water Authority (PWA) will be the Bank’s technical counterpart and will be responsible for implementing the project through it project Management Unit (PMU).

The Project Steering Committee (SC) established for the Water Sector Capacity Building Project with representation from the PWA, EQA, MLG, and MoA will also provide oversight and guidance to this project. The PMU and the JSCPD will attend the sessions of the meetings of the steering committee focusing on the Wadi Fukin activities to provide status reports on the project implementation and the obstacles encountered. The SC will help in taking strategic decisions and ensure that the project inputs and outputs are in line with the sector strategies considered under the WSCBP.

The PWA through its Project Management Unit (PMU) will identify and prepare contract packages in close coordination with the JSCPD, including the individual village councils. The PMU will contract consultancy services to prepare the detailed designs for water system rehabilitation and bidding documents based on the World Bank procurement guidelines (see procurement assessment). The PWA through its Technical Department\(^{20}\) will review the design and the bidding documents and clear them for tendering. A procurement specialist, recruited under the WSCBP, will review the bidding documents and ensure they conform to the standards and guidelines of the World Bank.

The PMU will be responsible for recruiting contractors and supervising their work. For supervision, the PMU will coordinate closely with the JSCPD. The PMU will pay the salaries of two site engineers to be recruited and employed by the JSCPD to supervise the work on the ground. They will also work with the PMU and the consultant during the design of the project to enhance their skills and improve their knowledge. These two engineers will continue to be employed by the JSCPD after the project is completed. The PMU will provide staff to ensure efficient supervision.\(^{21}\)

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\(^{20}\) The PWA Technical department is responsible of quality assurance, quality control and setting standards.

\(^{21}\) The PMU will receive about US$15,000 from the project as project management (component 5).
The PWA/PMU will be responsible for all procurement under the project; it will prepare the ToRs for consulting services (feasibility study, detailed design, JSCPD assessment, and ESCPIA), procure consultants, and supervise their contracts. The PWA/PMU will cooperate closely with the JSCPD and engage them in the project supervision. The PWA/PMU will review the results of the consultancy services, consult with stakeholders, clear them and be responsible of their quality.

A Memorandum of Understanding (MoU) between the PWA and the JSCPD will be developed to identify roles and responsibilities of each party. The PWA will be responsible for reporting quarterly to the World Bank on project progress.

**Capacity.** Through component 4, the JSCPD will be receiving technical assistance and equipment (training, furniture, and water maintenance tools, etc.) to build and strengthen the WWU at the JSCPD. JSCPD technical staff will join the PWA team for on the job training during the design of the water system and the supervision of the project. More details about the JSCPD and its capacity can be found in Annex 8.

The JSCPD will review, together with the site engineers of the PMU, invoices for completed works, sign and submit to the PWA for review and processing the payments. The PWA financial officer recruited under the WSCBP will also manage the financial matters related to this project.

**Implementation Period (Action plan)**

Project implementation will be carried out in two phases over three years. The following table shows key activities and the expected time frame for completing them.

<table>
<thead>
<tr>
<th>No</th>
<th>Activity</th>
<th>Responsible</th>
<th>Status</th>
<th>When</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Preparation of terms of reference (ToRs) for the wastewater network</td>
<td>PWA</td>
<td>Not available</td>
<td>1 month from the date of effectiveness</td>
<td>Bank team assistance will be provided</td>
</tr>
<tr>
<td></td>
<td>feasibility study, ESIA/EMP, Capacity Assessment and training)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Preparation of MoU between the PWA and the JSCPD</td>
<td>PWA/JSCPD</td>
<td>Draft available</td>
<td>June 2011</td>
<td>Bank team will ensure that the MoU complies</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>with Bank policy and Guidelines</td>
</tr>
<tr>
<td>3</td>
<td>Recruitment of FMS and PS</td>
<td>PWA</td>
<td>On going</td>
<td>June 2011</td>
<td>Under WSCBP</td>
</tr>
<tr>
<td>4</td>
<td>Acquisition of Land for the water reservoir</td>
<td>JSCP</td>
<td>Available</td>
<td>completed</td>
<td>Documentation required</td>
</tr>
<tr>
<td>5</td>
<td>Preparation of the ESIA/EMP of the water system</td>
<td>PWA</td>
<td>Prior to signing of grant agreement</td>
<td>September 2011</td>
<td>Bank Team guidance and supervision</td>
</tr>
<tr>
<td>6</td>
<td>Preparation of the wastewater feasibility study</td>
<td>PWA</td>
<td>Upon effectiveness</td>
<td>September 2011 – March 2013</td>
<td>Bank Team guidance and supervision</td>
</tr>
<tr>
<td>7</td>
<td>Preparation of any required involuntary resettlement instrument</td>
<td>PWA, JSCPD</td>
<td>Following completion of ESIA/feasibility studies</td>
<td>September 2011 – March 2013</td>
<td>Bank team guidance and supervision</td>
</tr>
<tr>
<td>8</td>
<td>Preparation of the water system design</td>
<td>PWA</td>
<td>Upon effectiveness</td>
<td>November 2011- October 2012</td>
<td>Bank guidance and supervision</td>
</tr>
</tbody>
</table>
State and Peace-Building Fund (SPF)

PROJECT PROPOSAL: WATER SUPPLY AND SANITATION IMPROVEMENTS FOR WEST BETHLEHEM VILLAGES

<table>
<thead>
<tr>
<th>9</th>
<th>Identifying requirements and securing clearance from the JWC and ICA for civil works.</th>
<th>PWA, with support from FOEME</th>
<th>Following completion of design study and ESIA for water system rehabilitation and reservoirs</th>
<th>Condition for proceeding to Phase 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Construction of water system</td>
<td>PWA will hire contractor/s. PWA and JSCPD supervision</td>
<td>Upon design approval</td>
<td>January 2013-February 2014</td>
</tr>
<tr>
<td>11</td>
<td>Technical assistance and capacity building of the JSCPD</td>
<td>PWA</td>
<td>October 2013-June 2014</td>
<td></td>
</tr>
</tbody>
</table>

(d) Financial Management Assessment

The Bank team undertook an FM assessment of the financial management arrangements within the Finance Department at PWA as part of the appraisal mission of the currently ongoing Bank Water Sector Capacity Building Project (WSCBP) and was updated for this Project. The assessment evaluated the institutional capacity of the Palestinian Water Authority (PWA) to carry out financial management according to the World Bank Guidelines. The updated assessment for this Project concluded that with the implementation of the agreed-upon actions, the proposed financial management arrangements will satisfy the minimum requirements under OP/BP10.02. The same financial management and disbursement arrangements of WSCBP will apply to this Project.

Taking into account the risk mitigation measures proposed, the overall financial management risk for this operation is assessed as “Moderate”. Annex III provides additional information on the financial management capacity assessment.

Internal control procedures will follow PWA procedures supplemented by the Project operational manual which will include specific World Bank financial management requirements such as reporting, disbursement, and flow of funds.

The PMU is staffed with qualified and financial management officer and its financial management performance on the WSCBP is considered satisfactory. The PMU within PWA, in consultation with the JSCPD will be responsible for implementing and supervising the technical part of the project under the supervision of the PWA, while PWA financial department will monitor and oversee the fiduciary aspects of the projects including the Financial Management, Procurement and Disbursements.

A U.S. Dollar Designated Account (DA) will be opened at Bank of Palestine (Ramallah) by the Ministry of Finance (MOF) under the Central Treasury Account and managed by the PWA. The PWA will maintain a DA into which the initial advance up to the DA ceiling amount (USD 400,000) will be made upon grant effectiveness and at the request of the Recipient. Subsequent advances will be made upon submission of documentation reporting on the use of the initial/previous advances for eligible expenditures. The proceeds of the grant advanced to the DA will mainly be used to pay for Goods, works, and non-consultant services, consultants’ services and incremental operating costs.

PWA will be required to submit quarterly Interim Financial Reports (IFRs) within 45 days from each quarter closing date and annual Audited Financial Statements within six months after year-end. Project Financial Statements will be audited in accordance with international audit standards by an independent, experienced, and internationally recognized audit firm acceptable to the World Bank and
recruited on a competitive basis based on TORs acceptable to the Bank. In addition to the audit report, the external auditors will be expected to prepare a Management Letter. The cost of the audit will be financed from the Grant proceeds.

The Grant financial transactions will be maintained separately in the unified accounting system (Bisan) through opening a separate cost center to account and report for the grant’s transactions. Withdrawal Applications submitted to the Bank will be prepared by the PWA and signed by officials authorized to sign at the MOF before submission to the Bank. The PWA will vest the sole responsibility to disburse on behalf of the project to consultants and suppliers. Additionally, the DA records will be reconciled with Bank statements on a monthly basis by the financial management officer. Disbursements from the Bank Grant will follow the transaction-based method. The Bank has agreed that up to US$ 100,000 is available for retroactive financing for an aggregate amount of USD 100,000 for payments made prior to the signing date but not after January 1, 2012 for the preparation of Environmental social and cultural impact assessment.

(e) Procurement Assessment

Procurement of goods, works and consultants’ services under the project will be carried out in accordance with the ‘Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers’ published by the Bank in January 2011 and the ‘Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the Bank in January 2011, the Grant Agreement and the Procurement Plan approved by the Bank.

Overall responsibility for the implementation of project procurement will rest with the Palestinian Water Authority (PWA). The PWA would act as the main counterpart to the Bank for all procurement aspects of the project and would ensure that project procurement is carried out in accordance with the Grant Agreement and the Procurement Plan.

A Procurement Capacity Assessment for the PWA was carried out as part of the appraisal of the Water Sector Capacity Building Project (WSCBP) and updated for this project. The assessment determined the procurement risk rating for the project as Substantial, and concluded need to strengthen the procurement capacity of the PWA through support in terms of technical assistance, training and supervision in order to meet the procurement implementation requirements under the project. The set of agreed actions and mitigation measures to strengthen PWA procurement capacity are detailed in Annex 5.

(f) Safeguards assessment

Prior to the signing of the Grant Agreement, an environment, social, and cultural heritage impact assessment (ESCHIA) will be conducted as part of the second component of phase one to examine (i) the possible environmental, social and cultural heritage impacts of the infrastructure component (3) of the project, (ii) the possible environmental, social and cultural heritage impacts of the third phase of the project for wastewater treatment and reuse, and (iii) form an environmental, social and cultural heritage management plan to manage, mitigate, and monitor any possible negative impacts during the construction and operation phases of the project, and (iv) assess the capacity of the implementing party to implement the EMP and any capacity building needs and (v) identify any potential involuntary resettlement or land acquisition requirements associated with civil works. At the proposal stage, it has not been determined if any private land taking will be necessary. Potential involuntary resettlement
impacts or land acquisition requirements are expected to be minimal. Sites for the proposed water reservoirs for Battir and Nahhalin villages have already been secured.

The feasibility study for wastewater management will identify safeguards issues related to wastewater management so that they can be addressed in a subsequent phase. The feasibility study and design work for the water supply rehabilitation will also assess any potential land acquisition issues. A determination on the appropriate resettlement instrument, if any is required, will be made on the basis of these studies and the ESCHIA.

See Integrated Safeguards Data Sheet (ISDS) for additional information.

(g) Disbursement Projections

Please see Annex 3.

(h) Supervision

Supervision will be carried out by the task team for the project at least once every six months. MNSWA staff based in Jerusalem will also provide more regular, informal monitoring and supervision on an ad hoc basis as and when needed. A mid-term review mission will be undertaken within the first 18 months of implementation.

(i) Budget

Please see Annex 7.
### Annex 1: Project Level Results Matrix

#### Rehabilitation and improvement of water supply networks

<table>
<thead>
<tr>
<th>Project Inputs</th>
<th>Expected delivery date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Feasibility study, detailed designs for upgrading the water supply networks and constructing a new water reservoir to serve four villages.</td>
<td>June, 2012</td>
</tr>
<tr>
<td>2. ESIA for water supply improvements</td>
<td>prior to grant agreement signing</td>
</tr>
<tr>
<td>3. Construction contracts for upgrading the water supply networks and constructing a new water reservoir to serve four villages.</td>
<td>1. Contract signed- June 1, 2013</td>
</tr>
<tr>
<td></td>
<td>2. Works completed – December 31, 2014</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Outputs</th>
<th>Expected delivery date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. upgraded pipe network for four villages</td>
<td>December 2014</td>
</tr>
<tr>
<td>2. new water supply reservoirs for two villages</td>
<td>December 2014</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Outcomes</th>
<th>Key progress Indicators</th>
<th>Outcome Baseline Value</th>
<th>Outcome Target Value</th>
<th>Means of verification of results</th>
<th>Expected Key results this Focus Area will contribute to</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. improved water supply</td>
<td>Hrs of WS service, water quality, rate of physical water loss</td>
<td>Quality of piped water, hours of service, unaccounted for water %</td>
<td>24 Hrs supply with water meeting PWA water quality standards; less than 25% UAW</td>
<td>PWA monitoring data</td>
<td>Improved reliability of water service in two villages.</td>
</tr>
</tbody>
</table>

#### Feasibility study for wastewater management and reuse

<table>
<thead>
<tr>
<th>Project Inputs</th>
<th>Expected delivery date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Study completed – June 2013</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Outputs</th>
<th>Expected delivery date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Waste water management feasibility study report</td>
<td>1 January 2013</td>
</tr>
<tr>
<td>2. Project concept note with cost estimates</td>
<td>2 June 2013</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Outcomes</th>
<th>Key progress Indicators</th>
<th>Outcome Baseline Value</th>
<th>Outcome Target Value</th>
<th>Means of verification of results</th>
<th>Expected Key results this Focus Area will contribute to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimal solutions for managing wastewater identified</td>
<td>Completed reports Presentation for donors</td>
<td>N/A</td>
<td>Feasibility study report, project concept report</td>
<td>Plan and proposal for improving wastewater management and wastewater reuse; donor consultation to present proposal and seek financing.</td>
<td></td>
</tr>
</tbody>
</table>
## Capacity building

<table>
<thead>
<tr>
<th>Project Inputs</th>
<th>Expected delivery date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Capacity building needs assessment consultancy, leading to a capacity building action plan</td>
<td>June 2012</td>
</tr>
<tr>
<td>2. Consulting services for training events</td>
<td>From September 2012</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Outputs</th>
<th>Expected delivery date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Capacity building action plan report</td>
<td>September 2012</td>
</tr>
<tr>
<td>2. Training events and supplies, based on action plan</td>
<td>Completed by June 2014</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Outcomes</th>
<th>Key progress Indicators</th>
<th>Outcome Baseline Value</th>
<th>Outcome Target Value</th>
<th>Means of verification of results</th>
<th>Expected Key results this Focus Area will contribute to</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. WWU of JSCPD is strengthened</td>
<td>Staffing, staff skills, needed supplies</td>
<td>To be determined by needs assessment</td>
<td>WWU charter, personnel records</td>
<td>Building the capacity of the JSCPD to plan and manage WSS infrastructure on a sustainable basis.</td>
<td></td>
</tr>
<tr>
<td>2. WWU is financially viable</td>
<td>Tariff level, tariff collection rate</td>
<td>To be determined by needs assessment</td>
<td>WWU accounting records.</td>
<td>Strengthening JSCPD ability to manage water supply and sanitation services in a financially sustainable manner.</td>
<td></td>
</tr>
</tbody>
</table>
Annex 2: Modified Operational Risk Assessment Framework (ORAF) - For use with SPF projects

Project Development Objective (PDO):

1. To improve, through a pilot project, the delivery of water and planning of wastewater services in targeted rural communities in West Bethlehem.

PDO Level Results Indicators:

1. A completed feasibility study for wastewater management and reuse in the project area acceptable to the project beneficiaries and to the World Bank;
2. A project concept paper with cost estimates for investment in wastewater management and reuse infrastructure;
3. Improved reliability of piped water supply for the four villages, resulting in 24 Hr. supply throughout the year;
4. Improved capacity within the JSC to operate and maintain the wastewater management and reuse facilities in a financially, technically, environmentally sustainable manner, as measured, inter alia, by tariff collection rates.
5.

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Risk Rating</th>
<th>Risk Rating(^{22} ) Explanation</th>
<th>Risk Description</th>
<th>Proposed Mitigation Measures</th>
<th>Timing for Mitigation: Prep/Impl.(^{23} )</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Project Stakeholder Risks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Stakeholder</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1.1 Beneficiaries</td>
<td>M-I</td>
<td>Poor fit between consumer demand and solution offered.</td>
<td>Benefiting communities may not agree with waste water Mgmt. solutions proposed, or required tariffs</td>
<td>Extensive community consultation will be held at all stages on implementation.</td>
<td>X X</td>
</tr>
<tr>
<td>1.1.2 PWA</td>
<td>M-I</td>
<td>PWA may not have capacity to provide adequate technical and managerial capacity to support project.</td>
<td>PWA’s capacity to provide technical support through the nascent West Bank Water Department for long term operation of WSS facilities in small communities is limited.</td>
<td>The project will build up the capacity of the Joint Services Council to operate and maintain WSS services.</td>
<td>X</td>
</tr>
</tbody>
</table>

\(^{22}\) This section is part of the deliberative process and will be available in the system but not in the final documentation. The document will reflect all other aspects which will be disclosed.

\(^{23}\) Please see paras. 14-16 of the guidance note for details on filing in timing for mitigation measures.
### 1.1.3 Israeli Authorities

<table>
<thead>
<tr>
<th>M-I</th>
<th>The target communities are surrounded by Israeli settlements that do not have off-site wastewater treatment systems; Israeli settlements and Israeli communities within Israel may want access to treated wastewater for irrigation.</th>
</tr>
</thead>
</table>

- Prior to project identification, FOEME has facilitated dialogue between Israeli and Palestinian local authorities to secure mutual agreement on the WSS services and wastewater treatment and reuse for Palestinians.
- Israeli Civil Authority has provided written confirmation that the project can move ahead.

### 2. Operating Environment Risks

#### 2.1 Country

<table>
<thead>
<tr>
<th>H</th>
<th>In the absence of peace and reconciliation, the WB&amp;G will not be able to recover both politically and economically. Lack of forward momentum on the political front may affect public support for</th>
</tr>
</thead>
</table>

- **Politics and governance:**
  - The stalled peace process hampers parts of the PA’s reform agenda and prospects for economic growth. Also, the current tensions in the region
  - Reliance not only on PA institutions, but also on local communities, NGOs, local government, semi-independent government utilities and public utilities.
  - PWA representation in both

---

24 Please see paras. 6 and 8 of the guidance note for details on completing this section.
<table>
<thead>
<tr>
<th>State and Peace-Building Fund (SPF)</th>
<th>PROJECT PROPOSAL: WATER SUPPLY AND SANITATION IMPROVEMENTS FOR WEST BETHLEHEM VILLAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>The PA and thus affect Bank’s ability to operate in WB&amp;G.</td>
<td>Increase potential instability within the WB&amp;G and with Israel.</td>
</tr>
<tr>
<td>• Political tension within the West Bank and Gaza and with Israel could degenerate into violence. This would have serious consequences for the Bank’s projects.</td>
<td>• Despite a limited easing of the access and movement restrictions by Israel, the situation, particularly in Gaza, prevents private sector growth. The separation of Gaza and the tensions between the PA in the West Bank and the Hamas government in Gaza continue to impact the fabric of the Palestinian society.</td>
</tr>
<tr>
<td>Society and security: Israel’s physical, administrative and regulatory restrictions in the West Bank and blockade of Gaza with sporadic military interventions heavily impact the PA’s ability to implement its national plans.</td>
<td>Security manager advising on security situation. New security systems (vehicle tracking system; armored vehicles) have been put in place to ensure staff safety.</td>
</tr>
<tr>
<td>2.2 Institutional (sector &amp; multi-sector Level)</td>
<td>M-I</td>
</tr>
</tbody>
</table>

| X | X |
### State and Peace-Building Fund (SPF)

**PROJECT PROPOSAL: WATER SUPPLY AND SANITATION IMPROVEMENTS FOR WEST BETHLEHEM VILLAGES**

|  | for rural WSS may change. small towns. Sector reforms may prove difficult to operationalize due to political interference. the PWA will ensure that pragmatic institutional arrangements for the sector evolve. Institutional arrangements for the SPF project will be assessed during the mid-term review and capacity-building aspects adapted if necessary with consideration to sector reform developments. |
|---|---|---|---|

<table>
<thead>
<tr>
<th>3. Implementing Agency Risks (including FM &amp; PR Risks)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Capacity</td>
<td>M-I</td>
<td>Limited capacity of Joint Services council to plan and manage WSS services. JSC may be unable to collect tariffs and manage WSS services on a sustainable basis. The project scope includes capacity building for the JSC. Tariffs will be negotiated with community during preparation.</td>
<td>X</td>
</tr>
<tr>
<td>3.1.1 FM Capacity</td>
<td>M-I</td>
<td>FM capacity within the PWA is limited, Availability of competent staff with adequate skills and knowledge of FM and disbursement is limited and this may increase the risk of ineligible expenditures and misappropriation..</td>
<td>X</td>
</tr>
</tbody>
</table>

- The Water Sector Capacity Building Project will provide FM capacity building for PWA.
- New FM officer will be hired to handle FM issues related to Bank financed projects;
- Separate recording and filing will be made for the grants and expenditures supporting documents and all original supporting documents.
3.2 Governance

<table>
<thead>
<tr>
<th>M-I</th>
<th>JSC may see a need for achieving the project objectives, but the benefitting communities may not agree, undermining popular support and willingness to pay for services. Neighboring Israeli settlements may demand access to services, or to treated wastewater for irrigation.</th>
<th>Majority of proposed beneficiaries may be satisfied with current service levels and therefore be unwilling to pay for improved services, or to provide land, etc. for civil works.</th>
</tr>
</thead>
</table>
|   |   | **Beneficiaries are extensively involved in project design and planning process through public meetings. FOEME has confirmed broad-based support for the project objectives.**
|   |   | **FOEME has facilitated dialogue with Israeli settlements and with Israeli Civil Administration to confirm their agreement with the** |

- Will be maintained in a traceable and organized manner by the PWA.
- Separate Designated account in a bank acceptable to the World Bank for the sole purpose of accommodating the grant will be opened at the MOF under the central treasury system.
- Project annual FS will be audited by external auditor appointed on a competitive basis and according to a ToR acceptable to the Bank.
<table>
<thead>
<tr>
<th>3.3 Fraud &amp; Corruption</th>
<th>M-I</th>
<th>Possibility of collusion or other forms of corruption during contracting process.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>• JSC and PWA are not well-versed in Bank procurement procedures.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Size of works contract may encourage collusive behavior and unfair selection procedures.</td>
</tr>
</tbody>
</table>

- ICA has provided written agreement.

- Bank prior review requirements were set in accordance with existing procurement capacity. The Bank will maintain close follow-up and quality control of procurement decisions during project supervision.

- Procurement processes will be subject to the Bank’s prior review; the short list of firms and the evaluation of proposals shall be carefully reviewed to avoid potential conflict of interest. The RFP would also clearly state the issue of conflict of interest which will disqualify the applicant.

- MOF internal controller will review all project financial transactions and report any exceptions before being proceed for payments.

- MOF Internal Auditor will review on sample basis project financial X X
### 4. Project Risks

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>M-L</th>
<th>M-I</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Design</strong></td>
<td></td>
<td></td>
<td><strong>Per capita cost of the project.</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>The setting of the project – in five villages dispersed over hilly terrain – make per capita investment costs relatively high.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Waste water reuse may pose environmental hazards.</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Land acquisition issues may delay or render project implementation difficult.</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>FS will recommend a waste water reuse scheme, but treatment facilities may not provide sufficient effluent quality to ensure environmental safety and public health is protected.</strong></td>
</tr>
<tr>
<td><strong>Sanitation</strong></td>
<td></td>
<td></td>
<td><strong>Sanitation FS will carefully explore all options for wastewater management, including a series of localized treatment facilities and environmentally sound on-site management options.</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Economic benefits of wastewater reuse may favorably affect cost/benefit ratio.</strong></td>
</tr>
<tr>
<td><strong>PA and Israeli waste water effluent standards will be carefully followed in the FS recommendations.</strong></td>
<td></td>
<td></td>
<td><strong>Bank environmental and social safeguard policies will be strictly followed.</strong></td>
</tr>
</tbody>
</table>

Transactions and report any exceptions
- Project annual FS will be audited by external auditor appointed on a competitive basis and according to a ToR acceptable to the Bank.
- The grant will be subject to Bank supervision and SoE review.
### State and Peace-Building Fund (SPF)

**PROJECT PROPOSAL: WATER SUPPLY AND SANITATION IMPROVEMENTS FOR WEST BETHLEHEM VILLAGES**

- Parts of the project area may be culturally significant – parts of Battir village are a proposed Global Heritage site.
- Land may need to be acquired, and FS will recommend waste water management solutions that will need land.

### 4.3 Program & Donor

<table>
<thead>
<tr>
<th>Project Team</th>
<th>Risk Rating: Preparation</th>
<th>Risk Rating: Implementation</th>
<th>Date</th>
<th>Comments</th>
</tr>
</thead>
</table>
| Overall Risk | M-I                       | M-I                         | 3/15/2011 | There are significant risks affecting the ability of the Project to deliver its DOs. The main risks are related to the overall political context, the specific progress in the overall water sector reform agenda, and to the JSC’s and PWA’s technical staff readiness and buy in. Proposed risk ratings of Medium-I for preparation and Medium-I for implementation are justified by the following considerations:  
  - The team considers that considerable preparatory work with the JSC and also with the ICA has been facilitated by FOEME to reduce the political risks and also to ensure broad-based understanding and support for the project objectives;  
  - The project concept originates in the felt needs of the project beneficiaries in response to environmental degradation that they feel is affecting the agricultural economy of the area and also their |
health, so support for the project is strong.
• The JSC is considered to be one of the stronger and better organized of these institutions in the West Bank.
• The project should benefit from the broader water sector reform initiatives being led by PWA, and the capacity building program within PWA and the West Bank Water Department.

The remaining risks during implementation are considered as unavoidable given the institutional context, and have to be weighed against the cost of inaction.
Annex 3: Disbursement Arrangements

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Quarter 1</th>
<th>Quarter 2</th>
<th>Quarter 3</th>
<th>Quarter 4</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>2012</td>
<td>-200,000</td>
<td>300,000</td>
<td>300,000</td>
<td>200,000</td>
<td>1,000,000 $</td>
</tr>
<tr>
<td>2013</td>
<td>500,000</td>
<td>500,000</td>
<td>500,000</td>
<td>500,000</td>
<td>2,000,000 $</td>
</tr>
<tr>
<td>2014</td>
<td>500,000</td>
<td>150,000</td>
<td></td>
<td></td>
<td>$650,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3,650,000 $</td>
</tr>
</tbody>
</table>

Notes:
1. Fiscal years that do not apply for the project should be left blank.
2. The end of each quarter is the last day of the month of that quarter:

   - Q1 = 30-Sep
   - Q2 = 31-Dec
   - Q3 = 31-Mar
   - Q4 = 30-Jun

Periodically, the Secretariat will compare the estimated disbursement plan against actual disbursement. If unexpected delays occur during the implementation period, you should submit a revised plan.
Annex 4: Financial Management and Disbursement

Financial Management

The grant will be a SPF grant in amount of US$3.65 million to finance a water supply and sanitation improvement project for duration of 36 months. 75% of the proposed Grant will provide financing for civil works to replace piped water supply networks and construct new reservoirs to improve the water supply.

Financial management, disbursement, and procurement arrangements similar to the ongoing World Bank-financed Water Sector Capacity Building Project (WSCBP) will apply to this Project. The responsibility for overseeing Project Financial Management (FM) and Disbursements will continue resting with PWA through the existing Project Management Unit (PMU) of WSCBP. The PMU is staffed with qualified and experienced members and its financial management performance on the WSCBP is considered satisfactory. The PMU will consult with the JSCPDs and will be responsible for implementing and supervising the technical part of the Project under the supervision of the PWA. PWA financial department will monitor and oversee the fiduciary aspects of the projects including the Financial Management, and Disbursements.

The FM assessment concluded that the overall FM risk rating for the proposed Project after mitigating measures is “Moderate” due to the following potential risks:

1. Size of public works and construction contracts may encourage collusive behavior and unfair selection procedures.
2. Possibility of overlapping of the project’s funds with the on-going Project (WSCBP).

The following measures are to be implemented before Negotiations to mitigate FM-related risks:

1. Procurement and contract management will be centralized at the PMU.
2. Bank prior review requirements were set in accordance with existing procurement capacity. The FM team will maintain close follow-up and quality control of procurement decisions during project supervision.
3. PWA will supervise the technical part of the Project.
4. MOF internal controller will review all project financial transactions and report any exceptions before being proceed for payments.
5. PWA internal audit department will review project financial transactions and report any exceptions.
6. Separate recording and filing will be made for the grants and expenditures supporting documents from the on-going project. All original supporting documents will be maintained in a traceable and organized manner by the PWA.
7. Separate Designated account in a bank acceptable to the World Bank for the sole purpose of accommodating the grant will be opened at the MOF under the central treasury system.
8. Project annual Financial Statements will be audited by external auditor appointed on a competitive basis and according to a ToR acceptable to the Bank;
9. Project transactions will be maintained separately in the existing accounting software through opening a separate cost center.
10. The Bank’s FM team will conduct periodic supervision missions and SOE reviews.
**Internal Control:** The internal control procedures will follow PWA procedures supplemented by the Project operational manual. MOF financial controllers based at the PWA will review and approve through the accounting system application controls all Project’s financial transactions before payment processing. Internal control procedures are summarized as follows: (i) PWA Technical team review and approval, (ii) Procurement Specialist review and approval; Financial management officer review and approval, PWA Finance Manager and Project Director review and approval; (iii) MoF Financial Controller review; and (iv) each payment will be signed by two authorized signatories as mentioned above. All parties must approve payment requests before signing the check by the authorized signatories.

The Project operational manual will include specific World Bank financial management requirements such as reporting, disbursement, and flow of funds.

**Staffing:** The PMU through its financial management officer who is currently assigned to WSCBP will also be capable to manage the financial aspects of this Project. PWA finance department consists of: Financial and Administration Manager, Financial Manager, and two Accountants. The structure of the FM department structure allows proper segregation of duties; additional support from the Bank FM team will be provided to the PWA finance department as needed.

**Internal Audit:** The internal audit function is also centrally established at the MOF, with a mandate to cover all line ministries and public entities including the PWA. The internal auditor will ensure that proper control environment at the PWA as a whole are properly applied. Apart from MoF internal audit function, the PWA has within its structure a well functioning internal audit department. PWA Internal auditor has the responsibility to review on sample basis PWA financial transactions including donors funded project, to ensure compliance with PWA policies and procedures and donor requirements. The Internal Auditor reports directly to the PWA chairman.

**Accounting and Reporting:** The Project will follow the cash basis of accounting where resources and uses of funds are recorded when cash is received and when payments are made. The unified accounting system (Bisan) will be used to account for, record, and monitor the project accounts. Separate financial cost centers will be created for the project. Interim unaudited Financial Reports (IFRs) will be using spreadsheets. Transaction statements generated from Bisan will be retained with the IFRs to provide an audit trail to the underlying documentation.

**IFRs:** The PMU will be required to issue quarterly IFRs, which include:

(i) Statement of Sources and Uses of Funds for the period and cumulatively by category and component along with explanations of significant variances between budgeted and actual amounts, and cash balances of the project; (ii) Statement of Designated Account reconciling period-opening and end balances; (iii) Statement of project commitments, i.e., the unpaid balances under the project’s signed contracts; and (iv) a fixed assets/work in progress report indicating all relevant information (such as description, location, quantity, serial number, etc...), along with a Physical Progress Reports which include narrative information linking financial information with physical progress, and highlighting issues that require attention. The above mentioned reports are required by Grant Agreement and should be submitted to the Bank 45 days after the end of each quarter, starting from the quarter when the first disbursement takes place.
**External Auditing:** The project financial statements will be annually audited by a qualified independent external auditor acceptable to the Bank in accordance with internationally accepted auditing standards and terms of reference (TOR) acceptable to the Bank. The auditor will be required to assess and report on the effectiveness of internal controls and Compliance with the Grant Agreement, FM manual, and applicable laws and regulations. Deficiencies will be reported through a management letter. The audited financial statements and management letter will be sent to the World Bank not later than 6 months following the end of the Project’s fiscal year. The scope of the first fiscal year audit will include examining the retroactively financed amount.

The project financial statements will include (i) statement of cash receipts and expenditures with explanations of significant variances between budgeted and actual amounts, (ii) Statement of Designated Account reconciling period-beginning and ending balances; (iii) Statement of project commitments. (IV) Fixed assets schedule.

The PWA in coordination with the MoF will be responsible for preparing the TORs for the external auditors and submitting them to the Bank for clearance three months after Project effectiveness. The cost of the external auditor will be financed from the grant. According to the World Bank Policy on Access to Information issued on July 1, 2010, the audit report with audited financial statements of the Project will be publicly disclosed.

**Budget and Flow of Funds:** The PMU will maintain project budget and detailed disbursement plans. The budget will be developed based on a procurement plan and revised as needed and will be analyzed by year and by quarter as part of the IFRs, (refer to Annex 7 for detailed Project budget).

The World Bank financing will be a SPF Grant to be disbursed through a Designated Account (DA) which will be opened by the MoF under the Central Treasury Account and will be operated and managed by the PWA. The PWA will maintain the DA denominated in United States Dollars (USD) to which the initial advance and replenishments from the grant account will be deposited and will be used in financing project components according to the approved budget. The DA will have a ceiling of USD 400,000 equivalent to four months of forecasted project expenditures. There will be no sub-accounts under this DA. Reimbursements to PWA for payments made from its own resources will be made to accounts open under the CTA with adequate safeguards to monitor the accounts to which reimbursements would be made.

The Bank has agreed that up to US$ 100,000 is available for retroactive financing for an aggregate amount of USD 100,000 for payments made prior to the signing date but not after January 1, 2012 for the preparation of Environmental social and cultural impact assessment.

Withdrawal Applications submitted to the Bank will be prepared by the PWA and signed by the MOF authorized signatures before submission to the Bank. The PWA will vest the sole responsibility to disburse on behalf of the Project to consultants and suppliers. Additionally, the DA records will be reconciled with Bank statements on a monthly basis by the PWA finance department.

**Fixed Assets and Contracts Registers:** Fixed Assets Register will be maintained by the financial management officer indicating all relevant information (such as description, location, quantity, serial number, etc.), regularly updated and checked. Contracts Registers will also be maintained for all contracts.
**Governance and Anti Corruption:** Fraud and corruption may affect the Project resources, thus negatively impacting the Project outcomes. The World Bank FMS worked with Project’s Task Team Leader and developed with the team an integrated understanding of possible vulnerabilities and agreed on actions to mitigate the risks. The monitoring of the MoF controller over disbursements strengthens controls over the usage of funds to the intended purpose. The above proposed fiduciary arrangements, including opening a segregated DA to be used particularly for this Project, quarterly reporting, and annual external auditing are expected to address the risk of fraud and corruption.

**Supervision Plan:** Financial supervision activities will include, inter alia, review of SOEs, review of quarterly IFRs, review of annual audited financial statements and management letters as well as timely follow up on issues raised by the auditor or PWA. The FM team will participate with semiannual supervisions missions. Additionally, a quarterly review of budget and disbursements through the IFRs will be performed.

**Disbursement:** Disbursements from the Bank Grant will follow the transaction-based method, i.e., traditional Bank procedures: SOEs, Direct Payments, and Special Commitments. For certain payments, above the “Minimum Application Size” as specified in the Disbursement Letter, Withdrawal Applications (WAs) will be submitted to the Bank for payments to suppliers and consultants directly from the Grant Account. The initial deposit into the DA will be based on a three months forecast prepared by the PWA and submitted with the Withdrawal Application. Subsequent disbursements into the DA will be based on SOE, and accompanied with Withdrawal Applications, reconciled bank statements and copies of all bank statements. The supporting documentation for requests for direct payment should be records evidencing eligible expenditures (copies of receipt, supplier’s invoices).

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services and training under Parts A and C of the Project</td>
<td>750,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services and consultants’ services under Part B of the Project</td>
<td>2,750,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Incremental Operating Costs(^{25})</td>
<td>150,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>3,650,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

\(^{25}\)“Incremental Operating Costs” means Project related incremental costs incurred by the JSCPD on account of staff costs for two engineers assigned to the JSCPD to supervise the Project, office maintenance and utility charges, insurance costs, communication costs, office supplies and consumables, banking charges, printing and advertising, vehicle rental, insurance and maintenance, vehicle fuel, Project related local travel, including per-diem, and other miscellaneous costs directly associated with the Project implementation, all based on periodic budgets acceptable to the World Bank.
Annex 5: Procurement Assessment


Overall responsibility for the implementation of project procurement will rest with the Palestinian Water Authority (PWA). The PWA would act as the main counterpart to the Bank for all procurement aspects of the project and would ensure that project procurement is carried out in accordance with the Grant Agreement and the Procurement Plan.

Within this general framework, the Project Management Unit (PMU) within PWA, in consultation with the JSCPMD, will be responsible for hiring consultancy services to prepare engineering designs and bidding documents for civil works to be implemented under the project as well as the it will prepare TORs for other consultants’ services and the specifications for goods to be procured under the project. PWA Procurement Department will review the Bidding Documents/Request for Proposals and will manage the procurement process, ensuring full involvement of the PMU in all steps of the procurement process; from advertisement through contract award. The PWA will seek the Bank's “no-objection” on the respective steps of the procurement process for contracts/bid packages that are subject to prior review.

The PMU will take the lead on all technical aspects of the procurement process and will be responsible for contract administration and management including supervision of the civil works, review and approval of consultants’ deliverables and for advising the on the release of funds to the contractors/consultants in accordance with the signed contracts.

A Procurement Capacity Assessment for the PWA was carried out as part of the appraisal of the Water Sector Capacity Building Project (WSCBP) and updated for this project. The assessment determined that the procurement and contract management capacity of the PWA is weak and needs to be strengthened through support in terms of technical assistance, training and supervision in order to meet the procurement implementation requirements under the project. A set of actions and mitigation measures to strengthen PWA procurement capacity were agreed and are being implemented, including the recruitment, within PWA Procurement Department, of a qualified procurement specialist with good knowledge of Bank Procurement Guidelines. In addition to his/her responsibilities under WSCBP, the Procurement Specialist will be held responsible for processing procurement under this project according to the agreed-upon procurement arrangements and procedures. Other agreed actions are listed below:

- A Manual of Procurement Procedures (PM) will be drafted detailing the procedural requirements that PWA will follow to handle procurement under the project. This manual will be finalized by grant effectiveness in order to ensure smooth implementation of the procurement activities.

- Training will be provided to PWA concerned staff on Bank’s Procurement Guidelines, standard bidding documents, cost estimates and contract management. The training will be provided under the project and will be arranged immediately after effectiveness.
The Bank prior review requirements, included in Table 1, were set in accordance with the existing procurement capacity. The Bank will carry out quality control of procurement/contract management matters during project supervision to ensure the efficiency of procurement decisions.

The procurement risk rating for the project is Substantial

The general description of various items to be procured under the project under different expenditure categories is described below. For each contract to be financed under the project, the different procurement and consultant selection methods, estimated costs, prior review requirements, and time frame are agreed between PWA and the Bank project team in the Procurement Plan (PP). A procurement plan for the duration of project implementation will be prepared by PWA and agreed with the Bank prior to signing the Grant Agreement. The PP will be updated at least annually or as required to reflect the actual program implementation needs and improvements in institutional capacity.

**Procurement of Works:** Works to be procured under the project include replacement of pipe network for water supplies and construction of a reservoir to improve the water supplies. Contracts for works estimated to cost less than the equivalent of US$ 100,000 shall be procured through shopping procedures on the basis of three written price quotations. The contract award will be made to the lowest evaluated responsive bidder who has appropriate experience and financial resources to complete the works successfully. Contracts with an estimated contract value of US$100,000 or more but less than US$2,000,000 would be procured following the National Competitive Bidding (NCB) method. The rules for NCB will be included in the GA and the Procurement Manual (PM).

**Procurement of Goods:** Goods to be procured under the project would include furniture, equipments and software for the JSCPDP. All packages for Goods are expected to cost less than the equivalent of US$100,000 and would be procured using Shopping procedures on the basis of soliciting, receiving and evaluating competitive quotations from at least three qualified suppliers. The award would be made to the supplier with the lowest evaluated responsive price quotation for the required goods, provided it has demonstrated capacity to execute the contract successfully. Contracts for Goods above US$100,000 shall be procured using NCB. There will not be any ICB for Goods. In situations and circumstances that are in compliance with the provisions of paragraph 3.7 of the Guidelines for Procurement, Goods would be procured through Direct Contracting with Bank prior review.

**Selection of Consultants:** Consultancy services would include a feasibility study of the optimal solution for sustainably managing the wastewater and wastewater reuse, Environmental and Social Impact Assessment, Site Engineers to work with the JSCPDP and financial audits.

Contracts for consultancy services will be procured through Quality and Cost Based Selection (QCBS) procedures as described in Section II, paragraphs 2.1 to 2.35 of the Consultants Guidelines.

Contracts for consultancy services meeting the requirements specified in Section III, paragraph 3.2 of the Consultant’s Guidelines may be procured through Quality-Based Selection procedures in accordance with the provisions of paragraphs 3.1, 3.3 and 3.4 of the Consultants Guidelines.

Consultancy assignments estimated to cost less than the equivalent of US$200,000, that are of routine nature (such as financial audits) where well-established practices and standards exist, may be procured under Least Cost Selection (LCS) in accordance with the provisions of 3.1 and 3.6 of the Consultant Guidelines.

Consultancy services estimated to cost less than the equivalent of US$200,000, for which the need for preparing and evaluating competitive proposals is not justified, Selection based on Consultants’
Qualifications (CQS) may be used in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

Consultants for services meeting the requirements of section V of the Consultant Guidelines may be selected under the provisions for the Selection of Individual Consultants, i.e., in essence through the comparison of the curriculum vitae of at least 3 qualified individuals. Individual consultants may be selected on sole source basis with due justification in the exceptional cases specified in paragraph 5.4 of the Consultant Guidelines.

Single Source Selection (SSS) may be used exceptionally in accordance with paragraph 3.8 to 3.11 of the Consultant Guidelines when hiring consultants through competitive process is not practicable and upon Bank’s concurrence of the decision on the SSS method.

Shortlists of consultants for services estimated to cost less than US$200,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines, provided that a sufficient number of qualified individuals or firms (at least three) are available at competitive costs.

Non-consulting services, including travel, lodging and other services required for training and workshops to be conducted under the project would be procured in accordance with the established PA administrative procedures acceptable to the Bank.

The Bank will carry out at least two supervision missions per year. A post procurement review of contracts which are not subject to the above prior review requirements shall be conducted once a year. The procurement post reviews should cover at least 20 percent of contracts subject to post review. Complete procurement documentation for each contract, including bidding documents, advertisements, bids received, bid evaluations, letters of acceptance, contract agreements, securities, related correspondence etc., will be maintained by PWA in an orderly manner, readily available for audit.

### Table 1: Thresholds for Procurement Methods and Prior Review

<table>
<thead>
<tr>
<th>Category</th>
<th>Method of Procurement</th>
<th>Threshold (US$ Equivalent)</th>
<th>Bank Prior Review Thresholds (US$ Equivalent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Works</td>
<td>ICB</td>
<td>No threshold</td>
<td>All contracts</td>
</tr>
<tr>
<td></td>
<td>NCB</td>
<td>&lt;2,000,000</td>
<td>First two contracts</td>
</tr>
<tr>
<td></td>
<td>Shopping</td>
<td>&lt; 100,000</td>
<td>First contract</td>
</tr>
<tr>
<td></td>
<td>Direct Contracting</td>
<td>No threshold</td>
<td>All contracts</td>
</tr>
<tr>
<td>Goods</td>
<td>NCB</td>
<td>&lt;500,000</td>
<td>First two contracts</td>
</tr>
<tr>
<td></td>
<td>Shopping</td>
<td>&lt; 100,000</td>
<td>First contract</td>
</tr>
<tr>
<td></td>
<td>Direct Contracting</td>
<td>No threshold</td>
<td>All contracts</td>
</tr>
<tr>
<td>Firms</td>
<td>QCBS/QBS</td>
<td>No threshold</td>
<td>First two contracts under each of the two selection</td>
</tr>
<tr>
<td>Methods</td>
<td>Value</td>
<td>Description</td>
<td></td>
</tr>
<tr>
<td>------------------</td>
<td>-------</td>
<td>-----------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>LCS/CQS</td>
<td>&lt;200,000</td>
<td>First two contracts under each of the two selection methods</td>
<td></td>
</tr>
<tr>
<td>SS</td>
<td>No threshold</td>
<td>All contracts</td>
<td></td>
</tr>
<tr>
<td>Individual Consultants</td>
<td>No threshold</td>
<td>First contract regardless of the value and thereafter each contract &gt; 100,000</td>
<td></td>
</tr>
<tr>
<td>SS</td>
<td>No threshold</td>
<td>All contracts</td>
<td></td>
</tr>
</tbody>
</table>
PROJECT PROPOSAL: WATER SUPPLY AND SANITATION IMPROVEMENTS FOR WEST BETHLEHEM VILLAGES

Annex 6: Supporting letter from the Israeli Civil Administration
Translation of letter from the Israeli Civil Administration

Unclassified

Israel Defense Forces
Civil Administration for Judea and Samaria Area
International Organizations and External Relations Branch
Tel: 02-9977323/744
Fax: 02-9977055
Incident: 157463

17 Adar A, 5751
February 20, 2011

To: Ms. Michal Sagiv

Friends of the Earth Middle East

Dear Ms. Sagiv,

Pursuant to your inquiry about a solution for sewage removal for the villages of Husan, Battir and Wadi Fukin, the Civil Administration has conducted a preliminary study to examine the initiative.

The Civil Administration supports preparing a feasibility study for the benefit of the Palestinian population of the villages. The feasibility study will be prepared under the guidance of the environment staff officer and the planning bureau.

The document should address the following key issues: topography, planning a sewage collection system connecting all of the buildings in the villages, hydrology, wastewater reuse, geology, proximity to other land designations and land uses, examination of the proposed alternatives in the context of environmental hazards (every alternative requires a professional examination of hazards). Likewise, the plans must include a thorough study of the sources of funding and maintenance of the proposed solutions over time.

The Civil Administration welcomes the initiative and supports the advancement of sewage removal solutions for the Palestinian population in the Bethlehem area.

Sincerely,

Avi Shalev, Lieut. Col.
Head of External Relations and International Organizations Branch
## Annex 7: Budget

### State and Peace-Building Fund (SPF): Detailed Budget Breakdown (Recipient-executed Grants)

**Name of Proposal:** Water Supply and Sanitation Improvements for West Bethlehem Villages

<table>
<thead>
<tr>
<th>Phase 1</th>
<th>Component 1: Feasibility Study for wastewater management system</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense Category</td>
<td>Unit Type</td>
</tr>
<tr>
<td>Consulting</td>
<td>feasibility study and detailed engineering design consultant</td>
</tr>
<tr>
<td><strong>TOTAL COST OF COMPONENT 1</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Component 2: Design of water supply system improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense Category</td>
</tr>
<tr>
<td>Consulting</td>
</tr>
<tr>
<td>Consulting</td>
</tr>
<tr>
<td>Consulting</td>
</tr>
<tr>
<td><strong>TOTAL COST OF COMPONENT 2</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Component 3: Project management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense Category</td>
</tr>
<tr>
<td>Consulting</td>
</tr>
<tr>
<td>Consulting</td>
</tr>
<tr>
<td><strong>TOTAL COST OF COMPONENT 3</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Phase 2</th>
<th>Component 4: Rehabilitation and improvement of drinking water supply networks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense Category</td>
<td>Unit Type</td>
</tr>
<tr>
<td>Civil Works</td>
<td>construction contract - Husan</td>
</tr>
<tr>
<td>Civil Works</td>
<td>construction contract - Battir</td>
</tr>
<tr>
<td>Civil Works</td>
<td>construction contract - Nahhalin</td>
</tr>
<tr>
<td>Civil Works</td>
<td>construction contract - Wadi Fukin</td>
</tr>
<tr>
<td><strong>TOTAL COST OF COMPONENT 4</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Component 5: Capacity Building</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense Category</td>
</tr>
<tr>
<td>Consulting</td>
</tr>
<tr>
<td>Goods</td>
</tr>
<tr>
<td>Goods</td>
</tr>
<tr>
<td><strong>TOTAL COST OF COMPONENT 5</strong></td>
</tr>
</tbody>
</table>

**TOTAL COST OF GRANT (SUM OF ALL COMPONENTS):** 3,650,000.00
Background

The JSCPD for West Bethlehem was established in March 2001 with technical assistance from the European Union. Its main purpose is to organize, manage and facilitate the planning and development of the southern and western area of Bethlehem Governorate. The JSCPD covers 19 village councils and serves about 60,000 inhabitants living in an area of about 120 square meters.

The JSCPD bylaws have been approved by the Minister of Local Government. It recognizes the JSCPD as an independent, legal entity. The general assembly is composed of one representative from each of the nineteen village councils in the service area. The assembly members have equal voting power. They select nine members from the general assembly to act as the Administrative Board who supervise the work of the General Manager of the JSCPD.

Institutional Framework

The JSCPD has 9 employees (general manager, 3 engineers, accountant, administrative assistant, surveyor and 2 machinery drivers).

The JSCPD organization structure includes the following departments:

1. An Administrative and Financial Department
2. An Engineering Department, with responsibility for supervising the implementation of engineering projects, reviewing building designs in the village councils and issuing building licenses.
3. A Water and Wastewater Department, established in January 2011 that will plan and manage water supply and wastewater projects and services.

The Italian Cooperation Program (Palestinian Municipal Support Program “PMSP”) implemented by the Ministry of Local Government (MLG) has supported the establishment of the Water and Wastewater Department (WWD) by purchasing essential furniture and office equipments, providing partial (30%) support of the running cost including salaries of 4 staff members for two years (through December 2012). This project will build the capacity of the Department to provide efficient water and sanitation services to the people. The JSCPD has been able to sustain itself financially since it was established in 2001 and intends to provide water and sanitation services on the basis of full cost recovery. To do so the WWD will need capacity building support to be able to effectively operate and maintain the water and wastewater infrastructure, and for establishing efficient billing and collection systems.

The Village Councils have signed a Memorandum of Understanding (MoU) endorsed by the MLG in which they agree to transfer responsibility for providing and managing water and waste water services to the JSCPD.
JSCP<ref> JSCP<ref> JSCP<ref> JSCP<ref> JSCP<ref> D Budget

The JSCP<ref> D budget for the year 2010 and the financial statement for the same year are shown in the following table:

<table>
<thead>
<tr>
<th>JSCP&lt;ref&gt; D Budget for 2010 (in NIS)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>395,500.00</td>
<td>Total Expenditures</td>
</tr>
<tr>
<td>Excess Balance (savings from last year)</td>
<td>433,612.00</td>
<td>Deficit</td>
</tr>
<tr>
<td>Total</td>
<td>829,112.00</td>
<td>829,112.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>JSCP&lt;ref&gt; D (Actual) Financial Statement for 2010 (NIS)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>633,039.11</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>633,039.11</td>
</tr>
</tbody>
</table>

The JSCP<ref> D Budget for the year 2011 is shown in the table below:

<table>
<thead>
<tr>
<th>JSCP&lt;ref&gt; D Budget for 2011 In NIS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>294,000</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>333,000</td>
</tr>
<tr>
<td>Excess Balance (savings from last year)</td>
<td>254,038.4</td>
</tr>
<tr>
<td>Total</td>
<td>548,038.4</td>
</tr>
</tbody>
</table>

The above budget shows the deficit that the JSCP<ref> D is having in the last two years because the government (PA) didn’t transfer the amounts that were transferred in the previous years for the JSCP<ref> D. The PA promised to transfer these dues soon. The government transferred to the JSCP<ref> D in the years 2008 and 2009 NIS 180,825 and US$ 60,000 respectively.

**Water Supply**

There are three separate entities involved with providing water supply services to the Bethlehem area, as follows:

- The West Bank Water Department (WBWD),
- The Israeli Company Mekorot,
- The Water Supply and Sewerage Authority (WSSA) of Bethlehem, Beit Jala and Beit Sahour

The WBWD was established in 1967. The Israeli Civil Administration, within the Ministry of Defense, was fully in charge of all existing water supply facilities operated by the WBWD until the signing of the Oslo Agreement between the Israel Government and the Palestinian Liberation Organization (PLO), which has an article related to the water resources management. The Palestinian Water Authority (PWA) then started overseeing the technical operation and maintenance of the WBWD network and the administrative management of the wells, but the operation and maintenance of wells continued to be
controlled by the Israeli Government through the Israeli bulk water supply company Mekorot. Mekorot sells water to the WBWD in accordance with the readings of the outlet meters of the wells. It also charges the PWA for the operation and maintenance of the wells owned by the WBWD.

The WBWD is responsible of the bulk supply of water to the Palestinian communities in the West Bank area (including the West Bethlehem JSCPD villages). The WBWD responsibility ends at the bulk water meter located at the connection within each community.

In 1992 the Israeli Military issued an Order consolidating the water departments of Bethlehem, Beit Jala and Beit Sahour municipalities as the Water Supply and Sewerage Authority (WSSA) of Bethlehem, Beit Jala, and Beit Sahour. The WSSA is supervised by a council comprising 11 members: 5 from Bethlehem Municipality, 3 from Beit Jala Municipality and 3 from the Beit Sahour Municipality. In addition to the three main cities, WSSA is servicing Al Khadr and Adoha municipalities, Adhaish, Aida and Al-azza refugee camps as well as Alwalajeh and Ertas villages.

A master plan for water distribution in the Bethlehem area was completed in December 1998 by a French company under the supervision of the PWA. Part of this plan was implemented in the Bethlehem 2000 project, but the remaining portions of the plan have not yet been initiated.

The JSCPD communities get their water through the WBWD system. Currently, the village councils (VCs) of communities within the jurisdiction of the JSCPD manage the water services. However, the VCs have signed a memorandum of understanding with the JSCPD to take over management of the water supply and sanitation services. This arrangement complies with the PWA national vision as articulated in the April 2011 Institutional Water Sector Review, which stipulates that water services at the local level may be provided either through regional utilities, municipalities, village councils or Joint service councils.

It is anticipated that the transfer of the water service to the JSCPD may result in more efficient service provision. Currently the village councils have low collection rates (approximately 30% on average) and a high ratio of unaccounted for water (approximately 36% on average). These are due to:

- Low capacity of the village council staff administering water services,
- Low attention is paid to the proper operation and maintenance of the water facility,
- No enforcement measures applied to those who are late or do not pay the water bills due to tribal and political influences (it is expected that this constraint will be dramatically reduced when the service is operated by the JSCPD as it is recognized as a professional entity and has no political interest).

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26 Bethlehem area here means the WSSA service area.
Annex 9: Confirmation Letters from the Village Councils (Battir and Nahhalin) on Land Ownership

This letter is addressed to the Head of the JSCPD West Bethlehem:

“Battir Village confirms the allocation of the public land under its jurisdiction—called (Asharafah) for the establishment of a water reservoir. It’s a public land with an area of 5 dunums.”
State and Peace-Building Fund (SPF)

PROJECT PROPOSAL: WATER SUPPLY AND SANITATION IMPROVEMENTS FOR WEST BETHLEHEM VILLAGES

Palestinian National Authority
Ministry of Local Government
Nahaleen Village Council
Tel/Fax: 02 277 1661

التاريخ 23/6/2011

لاخ رائد سمرة المحترم
المدير التنفيذي مجلس الخدمات المشترك لريف غرب يهود وجنوب يهود تلحم
تحية طيبة وبعد:

الموضوع: الأرض المخصصة لبناء خزان مياه الشرب في تحليين

بهديكم مجلس فروي نهالين الطيب التحية وبالإشارة للموضوع أعلاه ولازمة للشروط السابقة تتقدم
إن مجلس فروي تحليين حصل على قطعة أرض مخصصة لبناء خزان بواسطة تبرع من مال السيد محمد
محمود موسي خاصية في منطقة زرعية حوض رقم 4 وهي من قطعة أرض مساحتها أربع دونمات.

شايرون لكم حسن تعاونكم

Nahbailin Village Council confirming the availability of 4 dunums land in zona zone, basin no.4, donated by the Citizen "Mohammad Mahmed Nusa Ghaydah" for the Village Council for the establishment of the Water reservoir.
Annex 10: Endorsement Letter from Palestinian Water Authority (PWA)

Date: June 22, 2011

Mrs. Mariam Sherman
Country Director

The World Bank
1818 H Street, NW
Washington, DC 20433
USA

Dear Mrs. Sherman

Subject: “Water Supply and Sanitation project for West Bethlehem Rural areas”

Firstly, the Palestinian Water Authority would like to express its gratitude to the World Bank for its continued support to the Palestinian People.

With reference to the above mentioned subject, Palestinian Water Authority (“PWA”) would like to confirm that the received request from Joint service Council of Western Bethlehem (which covers the villages of Battir, Hussan, Nahhalin, Wadi Fukin, and Wallaja) regarding the construction of water supply and sanitation facilities is highly considered in line with our vision. And also it is included within our proposed interventions to achieve our medium term strategy (2010-2012).

Furthermore; Through my visit to the West Bethlehem rural areas with the technical, project management and strategic planning staff at PWA, PWA has formed the view that a sanitation project consists of sewage collection system and treatment plant is vital for the area to protect the area’s vital water resources, which will prevent further deterioration of public health, preserve the unique landscape and livelihoods of the local population and enhance opportunities for development in the region.

The villages of Western Bethlehem are located on the Western Mountain Aquifer, the most important water resource in the region, and an area rich in springs that are used for domestic and agricultural purposes. Today most of the villages 22,000 residents rely on cesspits (infiltration pits) for the disposal of wastewater, which with the growing population of the area, is causing serious pollution to the springs and the aquifer. This primitive means of sewage disposal results in the spread of diseases and is becoming a major public health risk. In addition, the discharge of local springs has declined significantly in recent years.
The natural topography of the area allows to construct by gravity collection systems, in addition, there are two adequate pieces of land for the construction of treatment plants allocated by the villages council of Batir and Nahhalin. The initial roughly cost estimates of this project is around USD $15 million.

Furthermore, the water supply system in these villages is seriously deteriorated and the average unaccounted for water reached to 40%. Your kind support to rehabilitate the water system will be highly appreciated.

In this regard, PWA strongly recommends the World Bank and other donors to support and finance this project in the year 2011.

We highly appreciate your support for such a vital project in Palestine, and for supporting PWA national strategy for water and sanitation sector in Palestine.

Respectfully submitted,
Minister Dr. Shaddad Al-Attar
Head of PWA

cc: Richard W. Pollard
The World Bank
Annex 11: Maps of the proposed project area
PROJECT PROPOSAL: WATER SUPPLY AND SANITATION IMPROVEMENTS FOR WEST BETHLEHEM VILLAGES