



THE WEST BANK AND GAZA



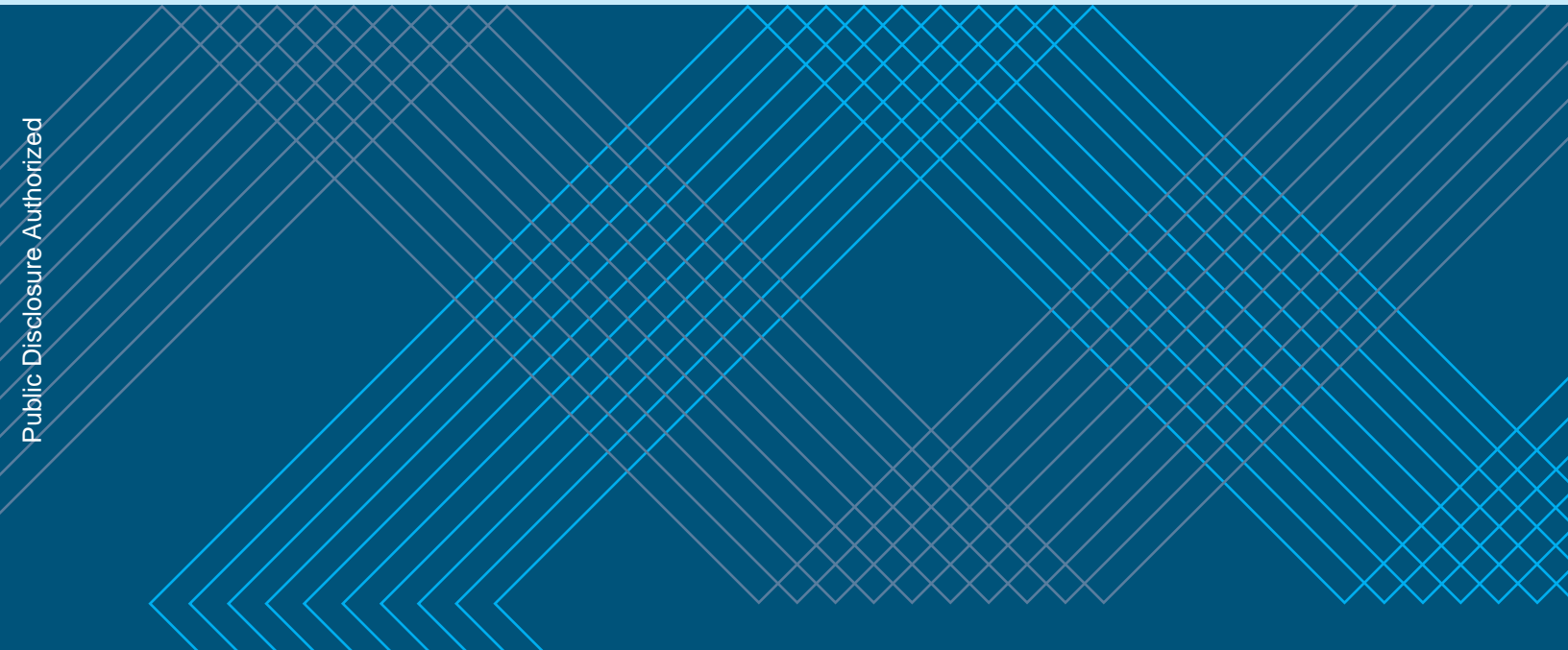
PID

**Partnership for Infrastructure Development
Multi-Donor Trust Fund (PID MDTF)**

TF071898 and TF072778

FY23 ANNUAL REPORT

Reporting Period: July 1, 2022 to June 30, 2023



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The Partnership for Infrastructure Development Multi-Donor Trust Fund (PID MDTF) Annual Report is prepared by the World Bank as the administrator of the trust fund. The team wishes to recognize the contributions of the task teams from all the sectors working on projects co-financed by the PID MDTF.

A special note of recognition and acknowledgment goes to the PA counterparts and development partners for their cooperation and contributions during the life of the trust fund, which has ensured the achievements of the PID MDTF program.

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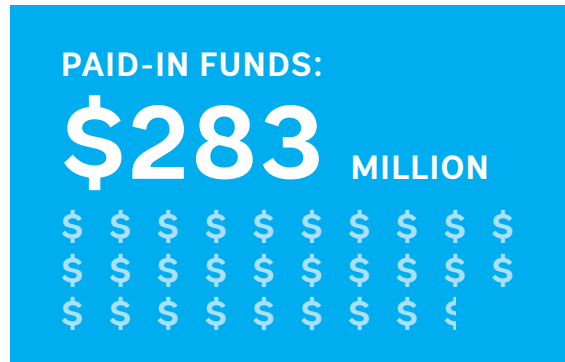
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PID MDTF AT A GLANCE

PID MDTF by the Numbers (as of June 30, 2023)



17 INVESTMENT OPERATIONS
 (Both Active and Closed)



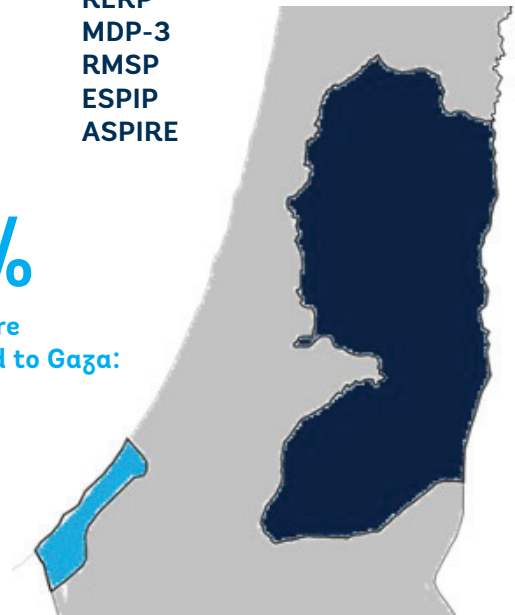
12 BANK-EXECUTED ASA
 (Both Active and Closed)

59% of funds are committed to the West Bank:

- WSRP
- LGSIP
- RERP
- MDP-3
- RMSP
- ESPIP
- ASPIRE

41% of funds are committed to Gaza:

- AWP-1
- WMS
- GSWMP
- MDP-3
- RMSP
- ESPIP
- ASPIRE



ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
ASA	Advisory Services and Analytics
BWSU	Bulk Water Supply Unit
CCB	Climate Co-Benefits
CCDR	Country Climate and Development Report
CE	Citizen Engagement
CMWU	Coastal Municipalities Water Utility
DISCO	Distribution Company
DP	Development Partner
E&S	Environmental and Social
ESF	Environmental and Social Framework
FY	Financial Year
GAP	Gender Action Plan
GBV	Gender-Based Violence
GFDRR	Global Facility for Disaster Reduction and Recovery
GM	Grievance Mechanism
IBRD	International Bank for Reconstruction and Development
IGFT	Intergovernmental Fiscal Transfer System
IP	Implementation Progress
IPP	Independent Power Producer
JSC-KRM	Joint Services Council for Khan Younis, Rafah, and Middle Area
LCD	Liters per Capita Day
LGU	Local Government Unit
LV	Low Voltage
LWSC	Land and Water Settlement Commission
MDTF	Multi-Donor Trust Fund
MIS	Management Information System
MITHAQ	Centre for Heritage and Islamic Research
MoF	Ministry of Finance
MS	Moderately Satisfactory
MU	Moderately Unsatisfactory
NGWMF	North Gaza Wastewater Management Facilities
NGWWTP	North Gaza Wastewater Treatment Plant
O&M	Operation and Maintenance
PA	Palestinian Authority
PDO	Project Development Objective
PENRA	Palestinian Energy and National Resources Authority
PETL	Palestinian Electricity Transmission Company Ltd.
PID	Partnership for Infrastructure Development

PIU	Project Implementation Unit
PLA	Palestinian Land Authority
PM&A	Program Management and Administration
PMIS	Project Management and Information System
PURSE	Palestinian Umbrella for Resilience Support to the Economy
PV	Photovoltaic
PWA	Palestinian Water Authority
RDNA	Rapid Damages and Needs Assessment
RWU	Regional Water Utility
SDG	Sustainable Development Goals
SOP	Series of Projects
SP	Service Provider
SWM	Solid Waste Management
TA	Technical Assistance
TF	Trust Fund
TFGWB	Trust Fund for Gaza and West Bank
TPS	Terminal Pumping Station
WB&G	West Bank and Gaza
WHO	World Health Organization
WMIS	Waste Management Information System

PROJECT ACRONYMS

Acronym	Project Name	Project Number
ASPIRE	Advancing Sustainability in Performance, Infrastructure, and Reliability	P170928
MPA	of Energy Sector in the West Bank and Gaza Multi-Phase Programmatic Approach	& P174708
AWP-I	Water Security Development - Gaza Central Desalination Program - Associated Works Phase I Project	P168739
ESPIP	WB&G Electricity Sector Performance Improvement Project	P148600
GSWMP	Gaza Solid Waste Management Project	P121648
LGSIP	Local Governance and Services Improvement Program	P148896
MDP-3	Third Municipal Development Project	P159258
NGEST	Northern Gaza Emergency Sewage Treatment Project	P074595
RERP	Real Estate Registration Project	P168576
RMSP	Resilient Municipal Services Project	P178723
WMS	Wastewater Management Sustainability Project	P172578
WSRP	Water Security and Resilience Program	P176025

1 INTRODUCTION

The Partnership for Infrastructure Development (PID) Multi-Donor Trust Fund (MDTF) aims to improve the coverage, quality, and sustainability of infrastructure services, enhance living conditions and foster economic growth in the West Bank & Gaza (WB&G). It focuses on strengthening water security and resilience, climate responsive urban development, and energy security and sustainability. It enables donors to co-finance World Bank-funded infrastructure projects by providing financial and technical support to the Palestinian Authority (PA).

The PID MDTF complements other World Bank Trust Funds operating in the WB&G, including the Trust Fund for Gaza and the West Bank (TFGWB) and the Palestinian Umbrella for Resilience Support to the Economy (PURSE) MDTF. The TFGWB is a vehicle for the World Bank itself to provide grants to operations in the WB&G and is funded from the surplus of the International Bank of Reconstruction and Development (IBRD). The PID and PURSE MDTFs were established to enable donors to co-finance operations supported by the TFGWB. The PID was established in 2012 and focuses on infrastructure projects. PURSE was established in 2021 and covers all other operations in the WB&G, including macro-fiscal stability and public financial management, human capital investment and service delivery, private sector development and job generation, and protection to the poor and at-risk population.



WMS Project: wastewater management facilities

COUNTRY AND SECTORAL CONTEXT

The Palestinian economy experienced a slowdown in early 2023, with Q1 growth at 3.1 percent, year-on-year (y/y), largely due to the waning post-pandemic recovery. In Gaza, the economy contracted by 2.6 percent in Q1, primarily due to restriction on the sale of Gazan fish in the West Bank.¹ In contrast, the West Bank saw 4.3 percent growth y/y in Q1, driven by private consumption and trade expansion. However, economic risks persist, as the Palestinian economy faces numerous challenges, including Israeli restrictions, the near blockade of Gaza, the internal divide, and limited—and unevenly implemented—policy reforms. These factors are expected to keep growth around 3 percent, with per capita income stagnating. Escalating global conflicts and renewed violence and clashes in the WB&G could further heighten economic uncertainty and risks, with limited fiscal capacity to mitigate these challenges.

The political landscape in the WB&G remains unsettled. Direct peace talks between Palestinians and Israelis are stalled, while the USA is attempting to broker a normalization between Israel and Saudi Arabia—which remains far from certain but if successful could potentially have large implications also for the Palestinians. Political divisions persist between Fatah and Hamas. Tensions with Israel have led to intermittent conflicts, including the May 2021 and August 2022 conflicts, resulting in casualties and infrastructure damage. Recent political developments include President Abbas dismissing governors and Ambassadors are by some pundits seen as signals of potential changes in the make-up of the PA. President Abbas's recent statements attributing the persecution of European Jews to their financial activities have drawn widespread criticism. Saudi Arabia named its ambassador to Jordan as “non-resident ambassador to the State of Palestine and Consul General in Jerusalem,” sparking speculation about regional dynamics. Jordan and Egypt hosted summits with Palestinian and Israeli representatives but uncertainties linger about the ability of either side to abide by the stated commitments or even the full buy-in of the Israeli Government. In Israel, mass anti-government protests continue, particularly over legislation affecting the judiciary. Controversial statements by the National Security Minister drew criticism, and tensions arose over funding for Arab municipalities and education programs in east Jerusalem.

¹ According to national accounts data from Palestinian Central Bureau of Statistics for Q1 2023, the sector experienced a 30% year-on-year decline, resulting in a minus 3.1% contribution to GDP growth. This sector constitutes approximately 10% of Gaza's GDP.



RERP: land registration in Tulkarem



URBAN AND LAND SECTORS

Local Government Units (LGUs) have a crucial role in service delivery in the WB&G and are mandated to deliver services including electricity, water, solid waste management, local roads, parks, and municipal markets. However, LGUs have limited capacity and resources: their own revenue generation is insufficient, and they do not receive predictable financial transfers from the PA. As a result, they are often unable to deliver their mandated services. The PA is committed to addressing these challenges by reforming the local government sector, with World Bank support. A key priority is reform of the Intergovernmental Fiscal Transfer System (IGFT), to improve the transfer of funds from the PA to LGUs which is being tackled under the newly effective RMSP project.

Land registration is a priority for the PA. It would benefit the business environment, the construction sector, and lending and mortgage markets; improve access to finance for households and micro, small and medium enterprises; bring individuals and organizations the legal benefits of more secure tenure; and boost public finances by increasing land tax revenues. There have been several previous attempts at systematic land registration in the West Bank. The PA has endorsed a reform program, the 'Road Map for Reforming the Palestinian Land Sector'. Previously, progress of the Real Estate Registration Project (RERP) had been slow due to challenges posed by the pandemic and the economic situation, and capacity issues in the implementing agencies, the Land and Water Settlement Commission (LWSC) and the Palestinian Land Authority (PLA). These issues have been addressed as part of the last project restructuring and change in implementation agency leading to intensified progress with land registration across the West Bank.

Solid Waste Management is another pressing issue. Landfills in the West Bank are overburdened, and the middle area of the West Bank urgently needs a sanitary landfill, but there is a shortage of accessible land due to Israeli restrictions on Area C. The situation in southern and middle Gaza has greatly improved thanks to the new sanitary landfill constructed by the PID co-financed GSWMP project. However, urgent interventions are needed to improve solid waste management in North Gaza which is being addressed under the proposed Integrated Solid Waste Management Project currently under preparation by the Bank.



WATER SECTOR

The unmet demand for water in the WB&G is growing. Availability of water in Gaza is estimated at 90 liters per capita day (LCD), well below the conventional definition of water scarcity. Moreover, the water is of poor quality, which translates to only 6 percent of the Gaza population having access to safely managed drinking water as per the definition of Sustainable Development Goal (SDG) 6. In the West Bank, water supply has fallen from 190 LCD in 1999 to 75 LCD in 2020 in stark contrast to the supply in Israel, which ranges from 240 to 300 LCD. The primary water sources are the Israeli bulk water supply company Mekorot (about 80 million cubic meters [MCM] per year) and Palestinian Water Authority (PWA) wells and springs (about 60 MCM per year). The water purchased from Mekorot accounts for 57 percent of the total water delivered for drinking purposes. Since Local Government Units (LGUs) do not (or only partially) pay these bills, the Israeli Ministry of Finance (MoF) deducts them from the clearance revenues to the PA and this deduction (so called “net-lending”) is only partially recovered from the LGUs by the PA MoF, which contributes to a continued stagnation in service delivery quality. The Water Law was passed in 2014 to address these issues: it states that a National Water Company should be established as the bulk water supplier in the WB&G, while local water and sewage service providers (SPs) should be consolidated into a few regional water utilities. However, implementation is lagging because most SPs are controlled by LGUs that are reluctant to relinquish the revenue streams collected by their SPs.

Increasing the availability of water will require infrastructure upgrades and expansion, imports from Israel, and efficiency improvements in SPs. In the West Bank, the strategy is to maintain water imports and drill deep water wells; this will require infrastructure expansion and Israeli approval. In Gaza, the plan is to increase the bulk water supply by increasing the water imports, build a desalination plant, increase storage capacity and the number of blending reservoirs. At the same time, the water distribution will be improved by constructing a north-south water carrier along the strip, and reconfiguring and expanding the existing water distribution networks. These works are underway, financed by an international partnership. In addition, a pivotal milestone has been reached with the unanimous agreement among 25 municipalities to consolidate SPs into one Regional Water Utility (RWU). This significant move could potentially transform water resource management in Gaza. Notably, the progress in establishing an RWU in the Gaza Strip is steadily advancing and is on track to be officially finalized and announced by the end of 2023. Training and assistance should be provided on asset management, system operation, maintenance for efficiency optimization, as well as carrying out the fiduciary reform actions including the implementation of the recommendations of the financial and technical audit and the warehouse management report.



ENERGY SECTOR

The Palestinian and Israeli energy sectors are deeply intertwined: imports from Israel account for more than 90 percent of electricity in the West Bank and over half in Gaza. This electricity is provided through nearly 200 connection points which link the Israeli grid with the WB&G. On the Palestinian side, some of these connection points are administered by LGUs, some by the Palestinian Electricity Transmission Company Ltd (PETL), and others are administered by distribution companies (DISCOs). Israel bills the DISCOs and LGUs directly for the electricity used at each connection point. Additionally, the main high voltage connection points are administered solely by PETL. However, despite recent improvements in revenue collection, these bills are not paid in full; in response, the Government of Israel deducts money from clearance revenues, contributing to net lending². Another challenge is that in Gaza, electricity is typically only supplied for part of the day; in response, customers with financial means use local generators or rooftop photovoltaic (PV) systems.

The PA is committed to reforming the electricity sector. This reform process is led by the Palestinian Energy and National Resources Authority (PENRA), with the support of the World Bank. PETL was established in 2013 with the mandate of operating as the single buyer of electricity from Israel but is yet to take on these responsibilities in full. A key goal of the reform process is to diversify energy sources and increase domestic electricity generation, which will require private sector participation. Solar PV systems could play an important role by increasing domestic production in an environmentally sustainable way.



ASPIRE: rehabilitation of the Electrical Generator in Bit Ola

² In addition to the Israel Electric Corporation electricity sale revenues that are regularly collected by the Government of Israel from the PA through the deductions from clearance revenues, in early September 2023, a new plan was announced by the Israeli Finance Ministry to deduct NIS 20-30 million each month towards the repayment of electricity debt, from the PA, that would lead to further stress on the net lending situation. Thus far, the PA has reportedly racked up a debt of NIS 2 billion in this sector.

3

KEY RESULTS AND UPDATES

This chapter provides key updates on PID MDTF co-financed operations. As of September 1, 2023, there are seven active recipient-executed investment projects: two in the urban and land sectors, three in the water sector, and two in the energy sector; the *Gaza Solid Waste Management Project (GSWMP)* and the *Third Municipal Development Project (MDP-3)* closed during FY23 and in early FY24, respectively. The PID has also co-financed six bank-executed Advisory Services and Analytics (ASA) during the reporting period.

Most projects have received satisfactory or moderately satisfactory ratings, both on their Implementation Progress (IP) and on their progress towards their Project Development Objectives (PDO). One of these projects, the *Real Estate Registration Project (RERP)*, had previously faced severe delays but is back on track following an in depth restructuring during FY23. The project's restructuring has introduced major adjustments to enhance the institutional capacity and through intensive implementation support, the project has been able to achieve significant progress in a very short period (e.g., quadrupling of registered properties, implementation of 60% of the gender action plan, increase of disbursement rate from 15% in January 2023 to 57% in July 2023) and is on track to achieve its development objective and expected results. However, two projects have been rated as moderately unsatisfactory or unsatisfactory: the *Gaza Wastewater Management Sustainability (WMS)* project, and *Advancing Sustainability in Performance, Infrastructure, and Reliability of the Energy Sector (ASPIRE)* project. In response, the water and energy teams have agreed on comprehensive action plans and are working to expedite progress, as explained in more detail below.



GSWMP: Medical Waste Management Improvement Station, Rafah City



3.1 URBAN AND LAND SECTORS

Closed Projects

GSWMP - Gaza Solid Waste Management Project (PI21648)

Board Approval Date: March 31, 2014 **Revised Project Closing Date:** December 31, 2022

Total Grant Financing: US\$13.25 million (TFGWB: US\$10 million; PID: US\$1.25 million)

Progress towards PDO: ● Satisfactory (➔)

Implementation Progress: ● Satisfactory (➔)

Disbursement ratio: 100%

Objective: To improve solid waste management services in the Gaza Strip through provision of more efficient, environmentally and socially sound waste management systems.

KEY UPDATES

GSWMP has met or exceeded all its PDOs and intermediate indicators and closed successfully on December 31, 2022. In the implementation completion report, the overall outcome rating for this project is evaluated as 'Highly Satisfactory.' The project closing date had previously been extended by six months, from June 30 to December 31, 2022, because of delays due to import restrictions in Gaza and security requirements at Dair Al Balah dumpsite. The project successfully improved solid waste management (SWM) services for an estimated 948,000 residents of Gaza. Some 96 percent of waste in the project area is now disposed of at the sanitary landfill constructed under the project. Three major dumpsites totaling 12.2 ha were also closed and rehabilitated. Under GSWMP's additional financing (AF), key operational funding support was provided to the Joint Services Council for Khan Younis, Rafah, and Middle Area (JSC-KRM), the solid waste service provider in southern Gaza. Improved standard operating procedures and key performance indicators have been developed and adopted by the JSC-KRM. A waste management information system (WMIS) has also been developed and customized to support the various functions of the JSC-KRM. The successful results stories of GSWMP have been prepared and produced in the form of a video.

MDP-3 - Third Municipal Development Project (PI59258)

Board Approval Date: July 21, 2017 **Project Closing Date:** August 31, 2023

Total Grant Financing: US\$76 million (including **TFGWB:** US\$41 million; **PID:** US\$35 million)

Progress towards PDO: ● Satisfactory (➔)

Implementation Progress: ● Satisfactory (➔)

Disbursement ratio: 100%

Objective: To enhance the institutional capacity of municipalities in the West Bank and Gaza for more accountable and sustainable service delivery.

KEY UPDATES

MDP-3 supports municipalities by providing them with a reliable source of funding while improving their institutional capacity. This enables municipalities to provide essential services to citizens. The project has now closed successfully. All committed contracts have now been completed under component one, which provides municipalities with grants to fund local infrastructure projects, and component two, which builds the capacity of municipalities and other institutions. The project has produced significant results. As such, 96 municipalities have been able to improve their service delivery performance as measured by the project ranking. The project improved the living conditions of around 700,000 people and contributed to increased transparency by having 159 municipalities publish their budget and investment plans (SDIP). Furthermore, the project helped 57 municipalities to reach an operational and enterprise surplus with no increases in arrears. The project has been restructured to (a) reallocate savings generated from currency fluctuations among the project components and (b) extend the project closing date by six months to August 31, 2023. A follow-up project, the Resilient Municipal Services Project (RMSP), was approved by the Board on February 28, 2023. Despite good progress, the delay in the transfer of the PA contributions (around EUR 8.4 million) continues to jeopardize the sustainability of the program. Following recent discussion, it was agreed that EUR 4.4 million will be rolled over to the RMSP and the other EUR 4 million was supposed to be transferred to the Municipal Development and Lending Fund before project closing; however, the transfer has not materialized yet.



GSWMP: Al-Fukhari sanitary landfill

Active Projects

RERP - Real Estate Registration Project (PI68576)

Board Approval Date: July 22, 2019 **Project Closing Date:** November 30, 2023

Total Grant Financing: US\$10.1 million (TFGWB: US\$5 million; PID: US\$1.2 million)

Progress towards PDO: ● Moderately Satisfactory (▲)

Implementation Progress: ● Moderately Satisfactory (▲)

Disbursement ratio: 60%

Objective: To enhance tenure security and improve real estate registration services.

KEY UPDATES

RERP supports the systematic registration of land in the West Bank. This will benefit the business environment and the housing, construction, and financial sectors, while boosting the PA's land tax revenues. The project was restructured in January 2023 following severe delays in the first half of FY23 and based on the recommendations of the Mid Term Review. Since then, considerable progress has been made and the project ratings have been upgraded. An additional 92,935 properties have been verified, bringing the total number of verified properties to 127,951: 79 percent of the revised end target of 161,807 titles. A Project Management Information System (PMIS) and Workflow Management System have been developed to streamline the processes of the Land and Water Settlement Commission (LWSC), an implementing agency. The PMIS is now in use in four LWSC offices and its rollout is underway in the remaining offices. The procurement of hardware for the Centre for Heritage and Islamic Research (MITHAQ) and linkage between the LWSC and MITHAQ is underway but the timeline for implementation is very tight. Other operations are progressing well, including the digitization of real estate records, mass valuation and the development of the National Geodetic Reference Framework. The project closing date will be extended to November 30, 2024, to enable the completion of the Palestinian Land Authority (PLA) Digital Transformation Strategy, ICT equipment supply at LWSC and integration of LWSC-MITHAQ systems.



RMSP - Resilient Municipal Services Project (PI78723)

Board Approval Date: February 28, 2023 **Expected Closing Date:** June 30, 2027

Total Grant Financing: US\$18 million (TFGWB: US\$15 million; PID: US\$3 million)

Progress towards PDO: ● Satisfactory (─)

Implementation Progress: ● Satisfactory (─)

Disbursement ratio: 0%

Objective: To enhance the capacity of municipalities in the West Bank and Gaza towards accountable, sustainable, and resilient service delivery to citizens including vulnerable groups

KEY UPDATES

The Resilient Municipal Services Project (RMSP) is a new operation which follows on from MDP-3. RMSP will continue to build the capacity of municipalities while funding local infrastructure projects. However, RMSP has a greater focus on policy reforms to ensure a gradual transition from a donor financed MDP toward an institutionalized system of sustainable municipal financing. The project was approved by the Board on February 28, 2023 and signed on May 17, 2023. The project was officially launched on July 13, 2023 and has been declared effective on August 15, 2023. Implementation has started. It has four components: component one will provide municipalities with performance-based grants to finance local infrastructure projects; component two builds the capacity of municipalities, the Ministry of Local Government and the Municipal Lending and Development Fund; component three supports municipalities to reduce natural hazard and climate change related risks by providing technical assistance and financing small-scale physical works; component four covers project implementation support and management.

Resilient Urban Development in West Bank and Gaza ASA (P180345)

Approval Date: June 5, 2023 **Completion Date:** October 31, 2025

Total Financing: \$1.4 million (including, **PID:** \$450,000)

Objective: To strengthen the capacity of the PA in Resilient Urban Development in West Bank and Gaza

KEY UPDATES

The implementation of the Resilient Urban Development ASA started immediately after its approval in June 2023. Progress has been made under all three pillars:

- **Pillar 1 (Resilient Local Governance):** The team began work on a Net Lending Action Plan with a mission through July 10-21, 2023. During this visit the team met key stakeholders and presented the recently produced report on the Inter-Governmental Fiscal Transfer System.
- **Pillar 2 (Climate and Disaster Resilient Urban Development):** The team has applied for funding from the Global Facility for Disaster Reduction and Recovery (GFDRR) for technical assistance to strengthen the current disaster risk management framework in the WB&G; the final proposal is expected to be approved by the GFDRR soon. The team has also initiated heat islands modelling for Gaza city; preliminary outcomes are expected before the next phase of reporting.
- **Pillar 3 (Integrated Solid Waste Management):** There has been significant progress in preparing the SWM roadmap, which will provide concrete recommendations for an integrated, efficient, and sustainable solid waste sector in the WB&G. The inception and data collection reports have been submitted by the consulting firm, and receipt of the draft roadmap is expected in September 2023. The roadmap will inform the Concept note for the proposed new Integrated Solid Waste Management Project in the WB&G that the team is preparing.

Support to the Palestinian Land Sector Reform (P163872)

Approval Date: May 1, 2017 **Completion Date:** November 30, 2023

Total Financing: US\$2.15 million (including **PID:** US\$2 million)

Objective: To (a) assess and quantify the economic, fiscal, and social impact of a weak land administration system and of restrictions on access to land in the Palestinian territories and (b) assist the PA to refine and implement key policy, regulatory, and legal aspects of the Government Road Map for Reforming the Palestinian Land Sector.

KEY UPDATES

The Land Sector TA has continued to support the implementation of RERP and provided technical assistance to the PA to refine and implement key policy, regulatory, and legal aspects of its Road Map for Reforming the Palestinian Land Sector. In this reporting period, the team focused on conducting a technical review of the Management Information System (MIS) and infrastructure of the General Directorate of Property Taxation under the MoF, to identify gaps for improving the system and collecting valuation data for land and properties in Gaza and the West Bank; this will help define further TA support during the final year of this operation.



3.2 WATER SECTOR

Water Security Development – Gaza Central Desalination Program – Associated Works Phase I Project (AWP-1) (P168739)

Project Approval Date: February 10, 2020

Project Closing Date: December 31, 2024

Total Grant Financing: US\$117 million (including: **TFGWB:** US\$15 million; **PID:** US\$42 million)

Progress towards PDO: ● Moderately Satisfactory (↔)

Implementation Progress: ● Moderately Satisfactory (↑)

Disbursement ratio: 22%

Objective: To enhance the capacity of municipalities in the West Bank and Gaza towards accountable, sustainable, and resilient service delivery to citizens including vulnerable groups.

KEY UPDATES

AWP-1 is part of a larger international effort to increase the desalination capacity and distribute its water across Gaza. AWP-1 will build infrastructure to blend water from the desalination plant with other water sources and distribute it to consumers; procure water from Israel; and build the capacity of water institutions. The project's Implementation Progress was downgraded to Moderately Unsatisfactory following its Mid-Term Review in July/August 2022 due to implementation delays. Since then, a comprehensive action plan has been agreed and substantial progress has been made. There is now sufficient time and implementation capacity to achieve most of the PDO indicators, though the negotiations with the municipalities for the handover of the operation of wells are at risk of slipping beyond the closing date. The IP rating has been upgraded to Moderately Satisfactory to reflect the positive momentum observed across all project activities. The reconfiguration of the Middle and Southern Gaza water networks is currently underway and expected to conclude before the project closing date, despite delays in the entry of materials to Gaza. Moreover, the PWA has overcome its challenges in developing terms of reference (ToR) for priority projects; as a result, all consultancies are either in progress or have initiated the procurement process in time for their completion prior to the project closing date. A key goal of AWP-1 was to establish the new Bulk Water Supply Unit (BWSU), which was achieved in August 2022. The current challenge is now to operationalize the BWSU by gradually assuming the O&M of the bulk water supply infrastructure. Negotiations between the BWSU and the municipalities are progressing; and an official agreement for the BWSU for the handover of the Short Term Low Volume desalination plants was signed in August 2023.



The WMS Project: Central Wastewater Treatment Plant

Gaza Wastewater Management Sustainability Project (WMS) (P172578)

Board Approval Date: June 10, 2020 **Expected Closing Date:** May 21, 2024

Total Grant Financing: US\$13.7 million (including: **TFGWB:** US\$10 million; **PID:** US\$3.7 million)

Progress towards PDO: ● Moderately Unsatisfactory (▼)

Implementation progress: ● Unsatisfactory (▼)

Disbursement ratio: 31%

Objective: a) To support the continuation of wastewater treatment services in North Gaza and
(b) to strengthen the capacity of the water institutions to manage wastewater services efficiently.

KEY UPDATES

The WMS project supports the continued operation of the North Gaza Wastewater Management Facilities (NGWMF), which include the North Gaza Wastewater Treatment Plant (NGWWTP). The project also aims to upgrade these facilities and build institutional capacity. The ongoing operations of the NGWMF continue to meet required standards as required by applicable Palestinian environmental standards for wastewater treatment plants effluent discharges. However, the long-term financial sustainability of the plant depends on the handover of its operation to the Coastal Municipalities Water Utility (CMWU) and the successful negotiation of service agreements with municipalities. These activities have not yet been completed and are at serious risk of slipping beyond the project closing date. Moreover, no disbursement has occurred since January 2023; the rehabilitation and upgrade works are still at design stage and may not be completed within project duration. Therefore, the PDO has been downgraded to Moderately Unsatisfactory and the IP has been downgraded to Unsatisfactory.

There is also an urgent need to expand the NGWWTP because inflows of wastewater continue to exceed its capacity. As a result, an average volume of 10,000 cubic meters per day is currently diverted into the random lakes at Beit Lahia; which poses a risk of an environmental and social catastrophe if the lakes overflow. Although several emergency mitigation measures have been implemented, which include the diversion of the extra flows of wastewater to alternative ponds and the pumping from the random lakes to the wastewater treatment plants during low volume periods, permanently solving the issue needs an expansion of the NGWWTP, estimated at US\$ 20-25 million.

Since the end of August, the North Gaza municipalities have been discharging approximately 13,000 cubic meters of untreated sewage per day into the sea which has arisen due to inflows consistently surpassing plant capacity which have been diverted to the Random Lakes. Recognizing the extremely negative environmental, social, health, and cross-boundary implications of this decision, the World Bank has expressed its profound concern and requested PWA to develop in close collaboration with the CWMU and the municipalities a roadmap to address the wastewater management situation in North Gaza. This roadmap should explicitly encompass plans for expanding and upgrading the NGEST Plant.

Water Security and Resilience Program (WSRP-1) (PI76025)

Board Approval Date: February 28, 2023 **Expected Closing Date:** November 30, 2028

Total Grant Financing: US\$51 million (including: **TFGWB:** US\$25 million; **PID:** US\$26 million)

Progress towards PDO: ● Satisfactory (▬)

Implementation progress: ● Satisfactory (▬)

Disbursement ratio: 0%

Objective: To improve the reliability and quality of water supply services in selected areas and to strengthen the operational performance of sector institutions in the Palestinian territories.

KEY UPDATES

The *Water Security and Resilience Program* (WSRP-1) is the first phase of a series of projects aiming to transform the water sector in the WB&G. WSRP-1 focuses on improving the quality and reliability of water services and building institutional capacity. The key staffing of the Project Coordination Unit is complete, except for environmental and M&E specialists; the Project Operations Manual has been shared and commented on by the Bank, and the subsidiary and on-granting agreements were reviewed by the Bank for signature by the Ministry of Finance (MoF) as recipient and PWA as implementing agency. The project was approved on February 28, 2023, and has been declared effective on August 14, 2023. In addition, the preparation of the bidding documents of construction works are underway. For one package the invitation to bid was published, and the other two packages, using the rated criteria, are being finalized and invitation for bids will be completed before the end of September 2023.

Programmatic Technical Assistance: Towards Water Security for the Palestinians (PI67309)

Approval Date: June 27, 2019

Completion Date: June 15, 2023

Total Financing: US\$1.15 million (including **PID:** US\$0.9 million)

Objective: To strengthen the operational and financial performance of the water and wastewater sector institutions in the West Bank and Gaza in support of the Water Law.

KEY UPDATES

The Water Security TA has recently closed, after spending four years building the institutional and financial capacity of water sector institutions. Key achievements include (a) supporting the preparation and implementation efforts of the three new water sector investment operations that were prepared during the lifetime of the TA; (b) helping address community issues under the Hebron Regional Wastewater Management Project, which is not financed by the PID; (c) supporting the analysis of transboundary wastewater charges at Wadi Al Samin, and providing recommendations on how to reduce or eliminate costs; (d) supporting the establishment of the first youth by-law, which institutionalized the involvement of youth in the water sector; (e) supporting water institutions to respond to two emergencies, the COVID-19 pandemic and the 2021 conflict in Gaza; (f) strengthening the capacity of the PWA and CMWU on risk identification, crisis management, and response planning, and (g) identifying opportunities to build resilience around the water, energy and food nexus which has informed the preparation of the Country Climate and Development Report for West Bank and Gaza. A separate report 'Examining the Water-Energy-Food nexus in the West Bank and Gaza within in the context of Climate Change will be disseminated in October/November 2023.



3.3 ENERGY SECTOR

Electricity Sector Performance Improvement Project (ESPIP) (PI48600) and ESPIP AF (PI67914)

Board Approval Date: July 27, 2017 **Project Closing Date:** December 20, 2023

Total Grant Financing: US\$23 million (TFGWB: US\$9 million; PID: US\$14 million)

Progress towards PDO: ● Satisfactory (➔)

Implementation Progress: ● Moderately Satisfactory (➔)

Disbursement ratio: 91%

Objective: To improve operational performance of electricity sector institutions and pilot a new business model for solar energy in Gaza.

KEY UPDATES

ESPIP supports the Palestinian Energy and Natural Resources Authority (PENRA) in its efforts to reform the energy sector. The project focuses on (a) building the capacity of sector institutions, including supporting the Palestinian Electricity Transmission Company Ltd. (PETL) to fulfil its responsibilities as the single buyer of electricity; (b) improving the operational performance of Electricity Distribution Companies (DISCOs), which includes improving their revenue collection; and (c) promoting solar energy in Gaza.

ESPIP has continued to make good progress. Advances have been made in (a) the installation of smart meters, which will help improve billing and collection rates, and (b) the development of the PETL master plan, which is essential for PETL to fulfil its responsibilities as the single buyer of electricity. Some US\$2.59 million in savings have been reallocated into the smart meters component of ESPIP; as a result, all ESPIP funds are now programmed. All sub-projects are on track, except for the implementation of Management Information Systems (MIS) for the DISCOs. The MIS will help improve the operational performance of DISCOs, but their implementation has been delayed. The reason for the delay is the need to secure proper installation and harmonization of MIS across all five (5) DISCOs. PENRA requested an extension of the project closing date from December 20th, 2023, to June 2024, so that the MIS can be fully implemented. The request also asked for the reallocation of around US\$600,000 for installing rooftop solar PV Systems in schools, instead of households, in Gaza.

Advancing Sustainability in Performance, Infrastructure, and Reliability of the Energy Sector in the West Bank and Gaza (ASPIRE) Multi Phase Approach (MPA) (Phase I: P170928 + Phase II: P174708)

Board Approval Date: April 24, 2020 **Program Closing Date:** June 30, 2028

Total Grant Financing:

Phase I: US\$63 million (including: **TFGWB:** US\$14 million; **PID:** US\$49million)

Phase II: US\$23.5 (including: **TFGWB:** US\$15 million; **PID:** US\$8.5 million)

Progress towards PDO: Phase I: ● Moderately Satisfactory (▼); Phase II: ● Satisfactory (■)

Implementation Progress: Phase I: ● Moderately Unsatisfactory (▼); Phase II: ● Satisfactory (■)

Phase I Disbursement ratio: 11%

Phase II Disbursement ratio: 7%

Objective: To improve operational and financial performance of electricity sector institutions and diversification of energy sources in the West Bank and Gaza.

KEY UPDATES

ASPIRE MPA aims to build on the achievements of ESPIP by further supporting the reform process led by PENRA. Phases I and II of ASPIRE are already active; they will be followed by Phases III and IV. Given the slow progress and continued delay in implementation for Phase I, the overall project rating for progress towards achievement of Project Development Objectives (PDO) has been downgraded to Moderately Satisfactory, and the Implementation Progress has been downgraded to Moderately Unsatisfactory. Since achieving effectiveness in September 2020, the Phase I disbursement rate is only at 11.17% of the total grant of US\$63 million. One of the reasons for the lower figure in FY23 could be attributed to the delays ranging from extension of bid submission dates through the dates of delivery of materials which were caused by the supply chain disruptions from the two key countries from where the equipment is largely sourced - China and Türkiye. Both these countries were affected by the global COVID restrictions in 2020-2022, which was subsequently exacerbated by the 2023 earthquake tragedy in Türkiye. While impacts of these challenges are easing out gradually, the World Bank and PENRA have agreed on the following additional steps to accelerate implementation: (a) adopting simplified environmental and social (E&S) procedures, wherever possible; (b) bundling smaller sub-project procurement packages, wherever feasible; (c) planning and initiating sub-projects well in advance, leaving enough time to complete all E&S requirements; and (d) organizing regular follow-ups and closer monitoring of project progress in between formal implementation review and supervision missions. Progress has been made on the pilot of the Liquidity Support Account and Payment System, which will encourage private sector investment in solar power by increasing the creditworthiness of the sector.

ASPIRE Phase II became effective in August 2022; implementation is under way, and procurement has been initiated for some activities. Phase II builds on the achievements of Phase I and supports efforts to build back better in Gaza. It includes a dedicated focus on Gaza Reconstruction activities identified in the Rapid Damages & Needs Assessment (RDNA) following the May 2021 conflict. PENRA is ensuring the preparation and obtaining approval on the required E&S documents prior to the procurement of activities.

West Bank & Gaza Energy Sector Transition and Development Program (P180314)

Approval Date: March 15, 2023 **Completion Date:** June 30, 2025

Total Financing: US\$350,000 (including, **PID:** US\$300,000)

Objective: To provide advisory and analytical support to the West Bank and Gaza in achieving its goals towards sustainable development of its energy sector

KEY UPDATES

The new Programmatic ASA will address two pillars. Pillar I, *Clean Energy Transition Strategies*, has two main activities: (a) competitive solar, which includes analysis on solar potential and integration of variable renewable energy (VRE); and (b) energy efficiency, which includes developing practical mechanisms to implement energy efficiency policy measures. Pillar II, *Energy Sector Policy Reforms and Institutional Development*, has 3 components: (a) analyzing Energy Services in Refugee Camps; b) updating the Sustainable Energy for Development WB&G Flagship Report; and c) analyzing the Water-Energy Nexus. The outputs from this ASA will feed into the implementation of ASPIRE Phases 1 and 2, and the design of future phases of ASPIRE. A Bank-executed competitive selection was launched for the energy efficiency activity, and the consulting team is expected to be onboard in October 2023. Additional funds are being raised to support the other activities under this Programmatic ASA.



ASPIRE: the electrical generator in Bit Ola

3.4 ASAS ON CROSS-CUTTING THEMES

West Bank & Gaza Country Climate and Development Report (P179452) *

Board Approval Date: December 8, 2022 **Completion Date:** December 20, 2023

Total Financing: US\$475,000 (including, **PID:**US\$300,000)

Objective: To identify and prioritize development interventions that are climate-responsive and have a high potential for impact in terms of bridging existing development gaps and strengthening resilience.

* Note: More details on the WB&G CCDR are given in Chapter 4 (Cross-cutting Themes).

KEY UPDATES

Country Climate and Development Reports (CCDR) are a new type of core diagnostic report at the World Bank which integrates climate change and development considerations.

The West Bank and Gaza CCDR provides an appraisal of the social and macroeconomic impacts of climate change in three scenarios, which reflect different levels of climate action ambition, varying degrees of cooperation by the Government of Israel and the impact on growth paths of the Palestinian economy. The assessment builds on sector-level analyses focused on the water-energy-food nexus, urban development and the macroeconomic framework and is informed by extensive stakeholder consultations and national climate priorities. Importantly, this CCDR features the health and social protection sectors 'horizontally' in its approach, reflecting the critical importance of service provision and human capital in a fragile context like the WB&G. The CCDR also calls for greater access to finance, a dynamic private sector participation, and a whole of government and society approach to implementation. After extensive consultations with key stakeholders (e.g., the PA, private and financial sector, Civil Society Organizations, academia), the final draft of the WB&G CCDR has been produced and the report is expected to be launched in the coming months, in and around COP28 in the UAE.

Social Inclusion and Citizen Engagement Programmatic ASA (P177796) *

Board Approval Date: February 8, 2022 **Completion Date:** May 31, 2024

Total Financing: US\$150,000

Objective: To provide strategic support for and strengthen the WB&G program's approach on socially sustainable and inclusive development with a focus on vulnerable groups, gender, and gender-based violence, and citizen engagement and social accountability across the PID-MTDF and other select sectors.

* Note: More details on the Social Inclusion and Citizen Engagement ASA are given in Chapter 4 (Cross-cutting Themes).

KEY UPDATES

For Pillar I (Social Inclusion and Sustainability), the team is conducting a comprehensive social exclusion portfolio assessment to analyze the factors contributing to the exclusion of specific population groups within various sectors in the WB&G. The thematic qualitative assessment will be conducted in mid-October, with a particular emphasis on the urban and energy sectors. Moreover, the team is engaged in a gap analysis aimed at reviewing implementation capacity of

Environmental and Social Framework (ESF) requirements across diverse sectors. Under Pillar II focused on Gender and Gender-Based Violence (GBV), the ASA is actively involved in capacity-building initiatives related to the prevention, response, and risk mitigation of GBV/Sexual Exploitation and Abuse and Sexual Harassment with 2 Project Implementation Unit (PIU) workshops in Gaza and West Bank, particularly the upcoming workshop in Gaza scheduled for late October. For Pillar 3 (Citizen Engagement and Social Accountability), the team is in the process of formulating an action plan as a follow-up to the CCDR. This plan aims to promote a whole-of-society approach to transformational climate action, with a specific focus on urban and water sectors.



ESPIP: Beit Lahia city, North Gaza Strip

4

CROSS-CUTTING THEMES

4.1 GENDER

Gender activities in PID co-financed projects are supported by dedicated gender units and gender focal points. Gender indicators are included in results frameworks, and all projects co-financed by the PID have strong Gender Action Plans (GAP), as illustrated in the table below.

Table 1: Independent Assessment of Gender Integration in Active PID Portfolio (FY18–FY23)

S. No.	Operational Projects	Sector	Approval FY	Analysis	Action	Monitoring and Evaluation (M&E)	Gender Tagged
1	WSRP (PI76025)	Water	FY23	✓	✓	✓	Yes
2	RMSP (PI78723)	Urban	FY23	✓	✓	✓	Yes
3	ASPIRE MPA Phase II (PI74708)	Energy	FY22	✓	✓	✓	Yes
4	AF for COVID-19 Response under MDP-3 (PI74781)	Urban	FY21	✓	✓	✓	Yes
5	GSWMP AF (PI71328)	Urban	FY21	✓	✓	✓	Yes
6	WMS Project (PI72578)	Water	FY20	✓	✓	✓	Yes
7	ASPIRE MPA Phase I (PI70928)	Energy	FY20	✓	✓	✓	Yes
8	AWP-I (PI68739)	Water	FY20	✓	✓	✓	Yes
9	RERP (PI68576)	Urban	FY20	✓	✓	✓	Yes
10	MDP-3 AF (PI68544)	Urban	FY19	✓	✓	✓	Yes
11	ESPIP AF (PI67914)	Energy	FY19	✓	✓	✓	Yes



Citizen Engagement and Social Inclusion ASA

The social inclusion and citizen engagement ASA aims to tackle gender-based violence and is the key instrument to integrate gender in the PID Portfolio. Towards this, a training event was held in March 2023 for PIU personnel working on World Bank-financed projects in the WB&G. More than forty people attended the training and learnt about the World Bank's project-related sexual exploitation and abuse and sexual harassment requirements. The ASA has also supported PIUs to produce project specific Codes of Conduct in accordance with Bank standards, to be disseminated among and signed by project workers.



Urban and Land Sectors

Fifty percent of the Gender Action Plan for RERP has now been implemented. Achievements so far include (a) developing and endorsing strategic plans on gender equality and inclusion; (b) conducting an awareness campaign on the settlement process and on gender equality in land settlement and registration processes; and (c) training on gender concepts, reporting, and gender considerations in settlement procedures. Participation of women under MDP has been steadily increasing as supported by intermediate results indicators attached to MDP3.



Water Sector

All water sector projects aim to promote the employment of women in water sector institutions. Towards this, the results framework of the recently approved WSRP-1 contains three gender indicators: the number of female interns reached through the internship program supported through the project; the number of these female interns who are recruited by the PWA as staff; and the number of female professionals benefitting from training under the project. The PCU currently comprises a workforce in which over 50 percent are females. Additionally, the hiring process for interns is currently underway with finalized and cleared ToRs for the positions.



Energy Sector

Gender activities under ASPIRE include (a) recruiting female engineers; (b) expanding solar energy to vulnerable female head of households; (c) supporting women-owned enterprises through better access to electricity and (d) strengthening gender actions in policies and strategies in the sector. The team discussed progress with the PA, including the recruitment of female engineers, where 18 percent have been achieved against a 12 percent target. The expansion of energy access to female-headed households and women-owned business is scheduled to begin in June 2023. PENRA has appointed a gender focal point and outlined gender-related activities for the Regional Network in Energy for Women (RENEW) platform.

4.2 CITIZEN ENGAGEMENT

Citizen engagement (CE) is the two-way interaction between citizens and governments that gives citizens a stake in decision-making, with the objective of improving development outcomes. CE is becoming increasingly important for PID co-financed operations. All projects approved since FY19 report on CE indicators. Key activities include supporting public information campaigns and establishing grievance redress and feedback mechanisms.

Citizen Engagement and Social Inclusion ASA

The Social Inclusion and Citizen Engagement ASA is the key instrument to integrate social inclusion and Citizen Engagement in the PID Portfolio. The ASA has supported the creation of Grievance Mechanisms (GMs) for project beneficiaries and workers and enhanced existing GM systems by adding uptake channels for GBV, sexual exploitation and abuse, and sexual harassment complaints. The ASA is also supporting projects to prepare simple, one-page tip sheets in Arabic for workers and beneficiaries, describing how to use the GMs. These tip sheets will be available on project websites and social media, and disseminated during consultations, outreach, and training events.

Urban and Land Sectors

In RERP, CE is crucial to ensure the participation of all citizens in the process of systematic land registration. CE activities are conducted at a community level, using communication channels which have been established between communities and gender units from the LWSC and PLA. Neighborhood interactive sessions are conducted with the aim of raising awareness of women's rights to land and settlement procedures in the villages. CE agenda is built into implementation of MDP through multiple avenues such as the preparation of SDIPs, readable budgets, public consultation on key investment activities etc.

Water Sector

WSRP-1 will follow on from previous water sector projects with a renewed focus on CE. A public awareness campaign will be conducted, focusing on (a) the importance of responsible water uses for resilience against droughts and other effects of climate change; (b) links between health, hygiene, water and wastewater; (c) the role of the PWA and LGU in providing safe water services, and the importance of water fee payments; and (d) information on water projects and the program. A Grievance Redress Mechanism will capture grievances or perceived irregularities. For WMS, the World Bank recommended PWA to carry out a public awareness campaign given the environmental and social risks related to the potential overflow of the Random Lakes.

Energy Sector

ASPIRE Phase II, which was launched in FY23, will focus on bottom-up CE activities including community meetings. Feedback will also be gathered through beneficiary surveys, and at least one awareness campaign will be conducted each year.

4.3 CLIMATE RESILIENCE

Climate resilience is central to all three infrastructure sectors. The climate co-benefits (CCB) of the PID portfolio stand at 64 percent, meaning that 64 percent of PID financing contributes to climate mitigation or adaptation. This figure far exceeds the World Bank corporate target of 35 percent. More details are presented in the table below.

Table 2: Climate Co-Benefits in Active Project Portfolio (US\$, millions)

FY	Projects	Sector	Total Grant Amount	Total Climate Commitment	PID Co-financing	PID Climate Commitment	Total CCB (%)
FY23	RMSP	Urban	18.0	2.9	3.0	0.5	16
FY23	WSRP-I	Water	51.0	6.1	26.0	3.1	12
FY22	ASPIRE MPA Phase II	Energy	23.5	16.0	8.5	5.8	68
FY21	MDP-3 AF for COVID-19	Urban	25.0	0.0	10	0.0	0
FY21	GSWMP AF	Urban	13.3	0.0	1.3	0.0	0
FY20	AWP-I	Water	57.0	54.7	42.0	40.3	96
FY20	WMS Project	Water	13.7	13.7	3.7	3.7	100
FY20	RERP	Urban	12.6	8.6	3.0	2.1	69
FY20	ASPIRE MPA Phase I	Energy	63.0	43.3	49.0	33.7	69
FY19	ESPIP AF	Energy	12.0	3.6	7.0	2.1	30
FY18	ESPIP	Energy	11.0	7.3	7.0	4.7	67
Total			231.1	147.3	131.5	92.3	64

Country Climate Development Report

The new Country Climate Development Report (CCDR) is an essential analytical work that will inform future climate resilience activities by identifying climate-responsive development interventions. Work on the CCDD began in December 2022 and involved extensive consultations with the PA, ministries, LGUs, development partners, the private sector, financial institutions, and academia. The final draft of the CCDD has now been completed. The report presents a set of policy recommendations that aim to support the shift from a development pathway marked by continued fragility to one characterized by increased resilience.

Sector specific information about climate co-benefits of the PID portfolio is provided below.

Urban Sector

RMSP is expected to yield significant climate co-benefits, particularly in climate adaptation. This will be achieved through the development of service delivery infrastructure designed to address hydrometeorological and climatological risks. Component 1, housing the majority of infrastructure works, will provide substantial adaptation co-benefits by incorporating natural hazard risk into the designs, aligning with MDP-3 POM and SDIP requirements. Component 3 will directly support natural hazard and climate change risks by creating 40 resilience plans, identifying infrastructure investments for risk reduction. The project will also finance relevant risk mitigation projects in major municipalities through a competitive window. On the mitigation front, Component 1 will finance sustainable energy technologies such as solar panels and improve street conditions to enhance walkability and discourage car usage. Moreover, Component 3 is likely to finance climate-resilient public spaces, including nature-based solutions to mitigate flood risk, counter the heat island effect, and enhance air quality.

Water Sector

The newly approved WSRP-1 aims to build on the achievements of AWP-1 and the WMS project by increasing resilience to climate change-exacerbated water shortages and droughts through the diversification of water sources, expansion of infrastructure, and improving water and wastewater management. The WSRP-1 contributes to the PA's Nationally Determined Contributions to reduce greenhouse gas emissions under the UN Framework Convention on Climate Change by supporting electricity co-generation from wastewater biogas production. The project contributes to the PA's climate adaptation targets by increasing resilience through avoiding aquifer pollution and reducing abstraction of water by reusing treated wastewater for agriculture.

Energy Sector

The ASPIRE MPA aims to enable the WB&G to adapt to climate change and support the sector in moving toward renewable energy. ASPIRE Phase II builds on the achievements of Phase I by supporting the expansion of solar photovoltaic (PV) systems, through (a) direct installation of systems and (b) upgrading distribution infrastructure.

5 FINANCIALS

5.1 PLEDGES

By June 30, 2023, a total of US\$296 million had been pledged to the PID MDTF.³ The PID MDTF is currently supported by nine development partners (DPs): the governments of Australia, Finland, France, Italy, the Netherlands, Norway, Portugal, Sweden, and the United Kingdom.⁴ Of the pledged amount, US\$283.4 million has been paid in. On September 12, France (*Agence Française de Développement*) made the final payment of EUR 4 million to the PID MDTF.

A sharp drop has been observed in pledges following the pandemic and recent fiscal constraints in donor countries. There were no new pledges in FY23 and only US\$16.1 million in FY22, while the annual average for FY20/21 was US\$44.9 million. The World Bank has continued to maximize fundraising efforts and communicate with potential new DPs about joining the PID MDTF.

Particularly, the World Bank extends its gratitude to seven key development partners, namely Australia, France, Italy, the Netherlands, Norway, Sweden, and the UK, for their substantial contributions over the past five years.

5.2 COMMITMENTS

As of June 30, 2023, the PID MDTF has committed⁵ a total of US\$276.8 million for co-financing, 96 percent of which is in recipient-executed activities across the water, urban, and energy sectors. The largest share of co-financing, US\$103.6 million, has been committed to the urban sector window, which includes solid waste and land management. The water sector window follows with US\$90.2 million committed, while commitments to the energy sector window total US\$71.5 million. In FY23, US\$26 million has been committed to WSRP-I in the water sector, and US\$7 million to RMSP in the urban sector.

³ During this reporting period, the total pledged amount to the PID MDTF decreased from US\$300 million to US\$296 million. The reduction is due to Sweden lowering its committed funding from SEK 75 million to SEK 30 million.

⁴ The government of Denmark signed a withdrawal instrument from PID MDTF on April 23, 2023.

⁵ This includes commitments to closed projects since PID MDTF's inception.

A total of US\$8.8 million—3 percent of total commitments—has been committed to the Bank-executed ASA window. In FY23, the Program Management and Administration (PM&A) window has a budget of US\$2.4 million, which accounts for 0.8% of the pledged amount. Approximately US\$211,000 has been committed to support the implementation of three projects: GSWMP, MDP-3 and ASPIRE I.

5.3 DISBURSEMENTS

Total PID MDTF disbursements—including the Trust Fund (TF) fees—have reached US\$157.6 million. FY23 disbursements reached US\$26 million, including US\$6 million in the water sector, US\$12 million in the urban and land sectors, and US\$5 million in the energy sector.

Under the water window, total disbursements have reached US\$27.8 million: US\$18.5 million for closed projects, US\$8.2 million for AWP-1, and US\$1.2 million for the WMS Project. Under the urban window, total disbursements have reached US\$96.3 million. GSWMP and MDP-3 have closed successfully, having disbursed 100 percent of their commitments, and RERP has disbursed 82 percent. Under the energy window, total disbursements have reached US\$17.2 million: US\$11.8 million out of US\$14 million for ESPIP and its AF; US\$5.0 million out of US\$49 million for ASPIRE Phase I, and US\$0.4 million out of US\$8.5 million for ASPIRE Phase II, which became effective during FY23.

Disbursements under PID MDTF Bank-executed ASA activities have reached US\$6.9 million (78% of commitments for Bank-executed ASA). As of the end of FY23, PM&A disbursements totaled around US\$1.9 million (81% of commitments for PM&A) since the PID MDTF's inception.

5.4 ALLOCATIONS AND FINANCING NEEDS

At the end of FY23, pledges totaled US\$296 million, and total funding commitments and allocations⁶ amounted to around US\$288.8 million (with US\$276.8 committed and US\$12.0 million allocated). Of the US\$12.0 million allocated funds, US\$5.0 million is for the proposed *WB&G Integrated Solid Waste Management Project*. Additionally, to ensure continuity of analytical work and TA, US\$550,000 has been allocated to ASAs on water security and climate resilience, green and inclusive development (CCDR follow-up). The receivable amount of US\$12.7 million, not included in the Funds Available for Grants, will only be accessible for grants once the funds have been received or the necessary qualifications (e.g., parliamentary approval) have been met by DPs. An allocation of US\$700,000 for project supervision (out of the 3% cap for PM&A) was made in FY20; some US\$489,000 of which remains available. This allocation will be used to provide enhanced supervision and implementation support in the cross-cutting themes—including gender, CE, and climate and resilience. Moreover, the PM&A window was used to support the second Independent Evaluation of the PID MDTF. More details about allocations and financing needs are given in tables 3 and 4 below.

⁶ Commitments are funds which have been assigned to a certain project after the relevant grant fund requests are submitted and approved. In contrast, allocations are funds which are currently intended to go to a certain project, but about which a final decision has not yet been made; allocations are therefore provisional and subject to change.

Table 3: PID MDTF Commitments and Allocations (US\$) as of June 30, 2023

Pledged	296,259,717
Funds Available for Grants*	283,376,828
PID MDTF Commitments	
Commitments to Closed Activities	
Water sector	18,489,965
Urban sector	60,447,353
Energy sector	0
Bank-executed TA	1,979,600
Subtotal closed	80,916,918
Commitments to Active (and Pending) Activities	
Water sector	71,700,000
Urban sector	43,199,941
Energy sector	71,500,000
Bank-executed TA	6,835,472
Program Management and Administration (PM&A) (up to 3%)	2,393,179
Project Supervision	211,322
Subtotal active	195,839,914
Total Committed	276,756,831
PID MDTF Allocations	
Integrated SWM Project	5,000,000
Urban sector	5,000,000
Water Security TA	300,000
Climate Resilient, Green, and Inclusive Development ASA (CCDR Follow-up)	250,000
Bank-executed TA	550,000
Project Supervision	488,678
Program Management and Administration (PM&A) (up to 3%)	6,000,268
Additional Costs	6,488,883
Total Allocated	12,038,947
TF Fee (5-2%)	
[Committed] Trust Fund Fee	9,424,880
[Allocated] Trust Fund Fee	200,000
Trust Fund Fee	9,624,880

* Note: This includes the paid-in contributions as well as unqualified contributions, which are not subject to the relevant parliamentary approval or budgetary appropriation in DPs.

Funding needs going forward are set out in Table 4: The needs identified include (a) funding needs for specific flagship projects—either upcoming or proposed, drawn from the World Bank’s assessment of feasible activities which are considered high priority for PID MDTF co-financing; and (b) broader estimates of capital investment needs identified by PA line agencies in the water, urban, and energy sectors.

Table 4: Financing Needs

Proposed Activity	Funding Needs			Description
	Short/Medium Term	Long Term	Total	
Water sector				
WSRP (SOP-2 and SOP-3)	70	70	140	Water is scarce in the WB&G. Unmet demand is growing, infrastructure is deteriorating, and these challenges will be exacerbated by climate change. The WSRP Series of Projects (SOP) aims to address these issues and transform the water sector in the WB&G by improving infrastructure and institutional performance. WSRP-1 is under way, but additional financing is needed to support the proposed second and third phases of the SOP and ensure equitable access to climate resilient water supply and sanitation services. <i>Note:</i> The cost of the expansion of NGEST has been estimated to amount between \$20-25 million. It has not been integrated in the funding needs as discussions are ongoing with PWA on the current challenges the NGWWTP is facing and the way forward.
Urban/Local government				
Integrated Solid Waste Management Program in West Bank and Gaza (Proposed)	35	50	85	Solid waste management systems are overburdened in both the West Bank and Northern Gaza; urgent interventions are required. In response, the World Bank has initiated the comprehensive sector assessment to inform the preparation of a potential new operation, which will deliver infrastructure improvements and accompanying policy reforms. The cost of the first phase is estimated at US\$35 million (with a tentative contribution from the WB of \$12 million and \$5 million from PID MDTF); key activities will include rehabilitation and extension of Johr El Deek landfill, construction of additional cell at Zahrat Al Finjan Landfill, provision of landfill equipment and overall policy and capacity support to key sector stakeholders to improve sector performance and establish an enabling legal framework for waste reduction, recover, reuse and recycling. The long-term and total needs will become more precise once we conclude the SWM assessment in October. Please note that these needs figures are indicative.
Energy sector				
ASPIRE MPA (Phases III and IV)	50	79	129	ASPIRE MPA aims to improve the performance of electricity sector institutions and help diversify energy sources in the West Bank and Gaza. Funding is needed for phases III and IV, which are likely to focus on activities including supporting solar power and energy efficiency, improving electricity distribution, upgrading metering and billing facilities, and encouraging the development of Independent Power Producers.
Total additional funding needs	155	199	354	

6

PID MDTF INDEPENDENT EVALUATION

The Second Mid Term PID MDTF Independent Evaluation was conducted during FY23, with the objective of evaluating the implementation progress and results achieved from January 1, 2016 to December 31, 2022, drawing lessons, and providing practical and strategic recommendations for the next five to ten years. The evaluation was conducted by a team of independent consultants, who collected data through desk reviews, remote interviews, and an in-country mission. The evaluation team adopted a participatory approach with stakeholders including the PA, development partners, and the World Bank teams. The evaluation concluded that the PID is a reliable and robust aid funding and coordination instrument in the infrastructure sectors essential both in the West Bank and the Gaza Strip, although there is room for improvement. The evaluation team proposed an initial action plan that requires additional discussions and agreements among PID MDTF stakeholders. The key recommendations focused on restating the communication strategy; improving reporting mechanisms and tracking commitments and disbursements; tackling delays in project preparation, procurement and E&S standards; creating a more unified reform agenda; supporting a proactive approach with DPs on issues related to Israel; and operationalizing the Contingent Emergency Response Component (CERC), which is a mechanism for financing emergency responses. The World Bank is now in the process of reviewing these recommendations and preparing in dialogue with Development Partners an effective and practical way of moving forward.



GSWMP: Al Fuhari sanitary landfill, Sofa area, east of Rafah City

7 KEY PRIORITIES AND HIGHLIGHTS LOOKING AHEAD

The PID has played an instrumental role in improving infrastructure in the WB&G and is adapting to the current context to be able to grow and meet the challenges of the future. The second independent evaluation of the PID reported back during FY23 concluded that the PID is a leading fiduciary mechanism in the infrastructure sectors in both Gaza and the West Bank and has also made a series of recommendations to increase the effectiveness of the PID, as concluded in the previous section. Hence, the World Bank has developed an action plan to address these recommendations and has ongoing discussions to agree with the development partners on a way forward.

A key priority is to overcome implementation delays in existing projects. Good progress has already been made on RERP and AWP-I, which had both previously faced delays. RERP has advanced well since its restructuring in January 2023 and has returned to Moderately Satisfactory status; progress on AWP-I has also improved following the development and implementation of a comprehensive action plan; as a result, the project returned to Moderately Satisfactory status, and there is now sufficient time and implementation capacity to achieve most of its PDO indicators. However, the implementation of ASPIRE Phase I and the WMS project is still lagging. In response, the World Bank sector teams are engaging closely with implementing agencies to address these delays and expedite progress as detailed in Chapter 3. The World Bank and PENRA have agreed on an extensive set of steps to address delays and will continue to monitor progress closely.

The PID management team has also dedicated significant efforts during FY23 to improve communication with development partners, in response to feedback received through the independent evaluation and in previous Oversight Group meetings. In that regard, the external visibility of the PID donors has been highlighted in multiple communication products produced and published by the World Bank team; regular meetings between Development Partners and sector teams have been reintroduced; ASA outputs have been shared with Development Partners more systematically; systematic debriefing meetings have been held following the completion of missions, aide memories have been circulated more promptly; and annual and semi-annual reports have been produced more quickly.

The PID remains crucial because improving infrastructure services and building resilience in the WB&G faces urgent challenges. Water scarcity is growing due to population growth and climate impact; solid waste management facilities are overburdened; the energy sector needs diversification and reform; and local governments often lack the resources to deliver essential services. The CCDR identified a set of development interventions that are climate-

responsive and have a high potential impact in terms of bridging the development gaps and strengthening resilience. These short, medium, and long-term development interventions are captured in a detailed investment plan covering the water-energy-food nexus, green and resilient urban development, and transmitting human capital. The World Bank is rolling out new operations aligned with these priorities. A new water project, WSRP-1, was approved in February 2023 and is the first phase of a series of projects that aims to transform the water sector by addressing water scarcity, improving services, strengthening institutions, and promoting policy reform. In the urban sector, RMSF was also approved in February 2023 and will support local governments to become financially sustainable in the long term and deliver climate outcomes to the population. A potential new solid waste management project would aim to reform the sector, promote circular economy and modernize waste collection and disposal. In the energy sector, ASPIRE Phase II is now operational, and phases III and IV are set to build on its achievements. As we enter the new decade, the PID MDTF is further strengthening its focus on cross-cutting priorities, including climate resilience, gender equality, and citizen engagement, across its portfolio.

Looking forward, it is paramount to underscore the pressing need for additional funding to support new operations including the new integrated Solid Waste Management Project, ASPIRE Phase III, and WSRP-2. The short-term funding needs for these proposed new operations currently stands at US\$155 million. Over the past five years, the World Bank has maintained its own contribution to the WB&G at about US\$80 million per year, and there is an ongoing effort to further increase the annual allocation. It is imperative that we secure additional donor financing to drive the transformation of the infrastructure sectors, enhance their financial sustainability, strengthen resilience against unforeseen challenges, and ultimately deliver improved services to the Palestinian people through this highly efficient mechanism, the PID MDTF.



The WMS project: central wastewater treatment plant

ANNEX 1:

SUMMARY OF RESULTS MATRIX OF ACTIVE PROJECTS (AS OF JUNE 30, 2023)

Results Indicators	Unit of Measure	Baseline	Previous ^a	Current	End Target
Improve the quality of bulk water supplied to the municipalities served in the project areas and support the continuous operation of the NGWMF					
Strengthening the capacity of the PWA to improve the quality and availability of bulk water					
Volume of water to be supplied from Israel per year	m ³	5,000,000	10,000,000	12,630,000	10,000,000
Municipalities receiving potable water from the BWSU meeting World Health Organization (WHO) domestic water quantity recommendations	Number	0	6	6	16
Support the continuation of wastewater treatment services and strengthen the capacity of wastewater management services in North Gaza					
Monthly volume of wastewater arriving at the terminal pumping station (TPS) that is treated (2020–2024)	Percentage	70	88	88	90
Average O&M costs of the NGWMF per month (2020–2024)	US\$	277,000	126,400	126,400	136,000
Enhance the institutional capacity of LGUs and strengthen the local government financing system for more accountable and sustainable service delivery.					
Improving local service delivery					
People provided with improved living conditions and access to improved services (50% of which female beneficiaries) (2015–2022)	Number	0	469,425	469,425	500,000
People benefitting from improved sanitation disposal services in Gaza (2014–2022)	Number	0	948,000	948,000	948,000
Enhance performance of local government sector institutions and strengthen good governance in the local government sector					
Municipalities with operational and enterprise surplus and no increase in arrears (2018–2022)	Number	40	61	61	70
Municipalities with functional complaint system (2017–2022)	Number	22	113	113	100
Enhance tenure security and improve real estate registration services					
Enhancing tenure security					
Properties in target areas with final ownership rights registered	Number	0	35,016	88,791	154,000
Properties in target areas with final ownership rights registered (female)	Percentage	0	0	30	30
Improve real estate registration services					
Satisfaction of beneficiaries with respect to real estate registration services improved	Percentage	0	89	89	70
Time to register property rights under the SLR process reduced	Months	10.5	10.5	9	7.5
Enhance institutional capacity of the energy sector, improve efficiency of the distribution system in targeted areas, and pilot a new business model for solar energy service delivery in Gaza					
Enhancing performance of electricity sector institutions					
PETL collection rate (2017–2023)	Percentage	0	100	100	90
Electricity losses per year in West Bank DISCOs (2017–2023)	Percentage	23	21	20	19
Strengthening good governance in the energy sector					
Rate of response to grievances received related to the project (2017–2023)	Percentage	0	100	100	100

Note: a. The results in the 'Previous' column are those reported in the FY23 PID MDTF Semi-Annual Report (July 1, 2022, to December 31, 2022).

ANNEX 2:

TRUST FUND FINANCIAL CONTRIBUTIONS (PLEGGED AND RECEIVED)

Contributors	Currency	Pledged		Paid-in to date		Receivables	
		Pledge Currency	US\$	Paid-in Currency	US\$	Pledge Currency	US\$
Pledged and Paid-in to Date - TF071898 (in millions)							
Croatia	USD	0.2	0.2	0.2	0.2	0.0	0.0
Sweden	SEK	310.0	40.3	310.0	40.3	0.0	0.0
Denmark	DKK	220.0	379	220.0	379	0.0	0.0
Finland	EUR	8.7	10.6	8.7	10.6	0.0	0.0
France	EUR	3.5	4.4	3.5	4.4	0.0	0.0
Netherlands	USD	4.0	4.0	4.0	4.0	0.0	0.0
Norway	NOK	73.0	9.8	73.0	9.8	0.0	0.0
Portugal	EUR	0.2	0.2	0.2	0.2	0.0	0.0
US\$ Totals			107.3		107.3		0.0
Pledged and Paid-in to Date - TF072778 (in millions)							
Croatia	USD	0.0	0.0	0.0	0.0	0.0	0.0
Sweden	SEK	348.0	39.2	328.0	37.2	20.0	1.8
Denmark	DKK	140.0	22.0	140.0	22.0	0.0	0.0
Finland	EUR	2.3	2.4	2.3	2.4	0.0	0.0
France	EUR	10.0	10.7	10.0	10.7	0.0	0.0
Netherlands	USD	12.6	12.6	12.6	12.6	0.0	0.0
Norway	NOK	327.0	36.1	287.0	32.2	40.0	3.6
Portugal	EUR	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	GBP	38.0	49.3	32.3	42.4	5.7	7.0
Australia	AUD	10.0	6.8	10.0	6.8	0.0	0.0
Italy	EUR	8.0	9.5	8.0	9.5	0.0	0.0
US\$ Totals			188.7		176.0		12.7

ANNEX 3:

DISTRIBUTION OF COMMITMENTS BETWEEN THE GAZA STRIP AND THE WEST BANK

Project	Commitments in the West Bank	Commitments in Gaza	Total Active Commitments
Water Sector			
AWP-I	0	57,000,000	57,000,000
WMS Project	0	13,700,000	13,700,000
WSRP	51,000,000	0	51,000,000
Urban Sector			
MDP-3	45,600,000	30,400,000	76,000,000
GSWMP	0	13,250,000	13,250,000
LGSIP	18,000,000	0	18,000,000
RERP	10,100,000	0	10,100,000
RMSP	12,100,000	9,900,000	22,000,000
Energy Sector			
ESPIP	16,800,000	6,200,000	23,000,000
ASPIRE MPA Phase I	56,000,000	7,000,000	63,000,000
ASPIRE MPA Phase II	9,200,000	14,300,000	23,500,000
Total	218,800,000	151,750,000	370,550,000
Percentage of distribution	59.0%	41.0%	

The Partnership for Infrastructure Development Multi-Donor Trust Fund (PID MDTF) Annual Report is prepared by the World Bank as the administrator of the trust fund. The team wishes to recognize the contributions of the task teams from all the sectors working on projects co-financed by the PID MDTF. A special note of recognition and acknowledgment goes to the government counterparts and development partners for their cooperation and contributions during the life of the trust fund, which have ensured the achievements of the PID MDTF program.

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