

Action Fiche for the West Bank and Gaza Strip

1. IDENTIFICATION

Title/Number	Water sanitation and reuse programme in the West Bank		
Total cost	EU contribution: EUR 22,000,000		
Aid method / Method of implementation	Project approach – Partial decentralised management with specific exceptions set out in part 4.1		
DAC-code	14022	Sector	Sanitation - large systems
	14010		Water sector policy and administrative management
	31140		Agricultural water resources
	41010		Environmental policy and administrative management

2. RATIONALE

2.1. Sector context

The average water supply is estimated around 70 litre/capita/day in the West Bank, well below the World Health Organisation (WHO) minimum standards of 100 litre/capita/day. This includes a population estimated at 180,000 receiving less than 25 litre/capita/day. Losses in networks are still very high, estimated at 43% in old networks. In the Gaza Strip, less than 10% of the drinking water meets quality standards. The situation is at risk of further worsening due to the conflict in the West Bank and Gaza. To some extent, it is also deemed to worsen in a global context of climate change.

In such a context, water and wastewater has become a focal sector of the European Union (EU) in Palestine. The EU aims at supporting the Palestinian National Authority to build wastewater networks, to treat the water and re-use part of it for agriculture purposes. This will in turn contribute to preserving ground water resources by reducing pollution of aquifers and freeing fresh water from agricultural use for human consumption.

An institutional reform is currently underway that will restructure the whole sector (Institutional Water Sector Reform with Norwegian funding).

2.2. Lessons learnt

The institutional strengthening component of this project is the result of years of co-operation between international donors and the Palestinian authorities, especially the Palestinian Water Authority (PWA).

Currently, there is only one operational wastewater treatment plant in the West Bank, in Ramallah-Al-Bireh, funded by German co-operation in 1999. Other major projects are presently under construction - the Northern Gaza Emergency Sewage Treatment (World Bank lead with EU investment of EUR 6,000,000) and the Nablus West Wastewater Treatment Plant. Others are in the pipeline (wastewater treatment plants for Hebron, Khan Younis, Ramallah regional, Nablus East) and should be initiated by mid 2012.

Experience in re-using the treated water is mainly limited to small-scale EU MEDA projects. Following an assessment of these projects, a call for proposals for small and medium scale wastewater sanitation and re-use was launched by the EU in 2009 (EUR 9,480,000) under the Food Security thematic budget line. The prospects of this project are quite promising as it was designed on the lessons learnt from the previous MEDA projects, including the weaknesses apparent in these.

Generally, wastewater treatment and re-use projects encounter many obstacles; political, financial, social, institutional and technical. In addition, Palestinian local society is still reluctant to use the treated wastewater in agriculture. To ease social constraints, efforts have been increased toward the development of integrated public awareness programmes, which greatly assist in establishing a new perception of wastewater treatment. The re-use of treated wastewater in the area is already practised on a small scale, but this option has been generally absent from wastewater treatment plans.

The Sanitation and Re-use part of this action was identified and formulated in 2009 and 2010 following i) a region-wide pre-feasibility study covering the East Nablus area and the Tubas governorate ("Pre-Feasibility Study of the sewage treatment project in the Tubas district, Meytaloun and the eastern Nablus"), and ii) a master plan for water and wastewater for the area identified ("Master Plan for Water and Sanitation for Selected Communities in Tubas District"). A feasibility study, including Environmental and Social Impact assessment, is currently under procurement and will deliver its conclusions by December 2011.

2.3. Complementary actions

In the intervention zone of the Sanitation and Reuse project, complementary actions are carried out by the *Agence Française de Développement* (AFD) in water supply and networks. This is a complementary action as the local population sees drinking water supply as a priority before wastewater sanitation.

In addition to the capital investment costs of the Sanitation and Re-use project (EUR 17,500,000), the EU will allocate EUR 2,000,000 for an institutional intervention in the water and sanitation sector. This soft component is intended for i) arrangements to ensure sustainability of the Sanitation and Reuse project and ii) strengthening the water and sanitation sector capacity, which also includes the preparation of future projects.

The World Bank (WB), *Agence Française de Développement* (AFD), *Kreditanstalt für Wiederaufbau* (KfW) and Japan International Co-Operation Agency have substantial funds available in the water and sanitation sector. A number of donors (AFD, KfW, *Gesellschaft für Internationale Zusammenarbeit* (GIZ), Sweden and WB) also contribute to the Municipal Development and Lending Fund for municipal infrastructure.

2.4. Donor coordination

Donor co-ordination is carried out with the support of the Local Aid Coordination Secretariat in the form of Water and Sanitation Sector Working Groups which gather all donors in the sector on average once every quarter. The latter is co-chaired by the Director of the PWA and the KfW, the leading donor in the sector.

This specific intervention is fully in line with a nascent EU programmatic approach in Water and Wastewater Sanitation between the Commission and the major EU Member States (France, Germany and Sweden), focusing on the Northern part of the West Bank: Nablus, Jenin, Tubas and Tulkarem Governorates.

3. DESCRIPTION

3.1. Objectives

The **overall objective** of the action:

- A regulated water and wastewater sector which contributes to Palestinian Sovereignty.
- Sustainability of water resources built on strong health, environmental, social and economic foundations to meet basic and developmental requirements of the Palestinian Society.²

The **specific objectives** are:

- to improve sanitation for the Tubas and East Nablus areas.
- to enable the development of irrigated agriculture in the same area.
- Institutional strengthening of the water and sanitation sector.

3.2. Expected results and main activities

The main **expected results** under this action include:

- construction of a wastewater collection network and a wastewater treatment plant for Tubas governorate localities.
- Operational and viable sanitation management service for the area covered by the sanitation network.
- Treated wastewater re-used for agricultural purposes.
- Institutional arrangements are taken to ensure the sustainability of the Sanitation and Reuse project.
- National and local institutions having a stake in the Water and Sanitation are strengthened and enabled to enforce their mandate.

The **main activities** under this action consist of

1. Construction of the wastewater treatment plant and reuse infrastructure.
2. Detailed design and supervision of the works.
3. Capacity building, accompanying measures and preparatory studies i.e.:

² Vision for the Water and wastewater Sector, in *Executive Summary - National Sector Strategy for Water and Wastewater in Palestine 2011-2013*, p.5

- 3.1 Capacity building and institutional strengthening in the Water and Sanitation sector.
- 3.2 Accompanying measures for the Sanitation and Re-use component of this action (including Operations and Maintenance Training).
- 3.3 Preparatory studies for future programmes in the Water and sanitation sector (including Solid Waste in the Gaza strip).

3.3. Risks and assumptions

For the Sanitation and Reuse component of this action the following **risks** have been identified:

- Lack of approval of feasibility study conclusions by beneficiaries and donor.
- Lack of social acceptance of treated wastewater reuse.
- Lack of operations and maintenance capacity and resources from beneficiaries.
- Lack of approval from the Israeli authorities.

For the institutional component of this action:

- Lack of political will and momentum to implement the recommendations of the Institutional Water Sector Review.

The Sanitation and Reuse component of this action is subject to the following **assumptions**:

- Agreement on feasibility study from beneficiaries and donor.
- Social acceptance of treated wastewater re-use.
- Approval of the Israeli authorities for the sanitation project and approval for the irrigation project is secured mainly by the sound technical preparation of the project.

For the institutional component of this action:

- Consensus between Water stakeholders on relevance of Institutional Review conclusions.

3.4. Cross-cutting Issues

Climate-related risks, environmental sustainability, social aspects of treated water reuse have been included in the terms of reference of the Environmental and Social Impact Assessment.

The EU also has a strong good governance and human rights component in its intervention in the Palestinian Territory.

3.5. Stakeholders

The Palestinian Water Authority, as foreseen Implementing Body has a good track record of project implementation. Its institutional capacity as the regulator of the water sector is being reinforced.

The Municipality of Tubas, as a founding member of the Joint Water and Wastewater Services Council, has a very positive experience in electricity and water bills recovery during the last year, where collection rates rose from 46 to 80%.

The Ministry of Agriculture and Environmental Quality Authority, as regulators of the wastewater reuse, need to be supported in their capacity and provided with means to enforce their regulations. This is part of the institutional component of this action.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

Partial decentralised management will apply through the signature of a Financing Agreement with the Palestinian Authority in accordance with Articles 53c and 56 of the Financial Regulation.

The contracting authority will be the Palestinian Authority.

The Commission controls *ex ante* all the procurement procedures. Payments are entirely executed by the Commission.

Except for components 3.1 and 3.2 and communication, audit and evaluation activities direct centralised management will apply through service and grant contracts.

The change of management mode constitutes a substantial change except where the Commission "re-centralises" or reduces the level of tasks previously delegated to the beneficiary country, international organisation or delegatee body under, respectively, decentralised, joint or indirect centralised management.

4.2. Procurement and grant award procedures

1) Contracts

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by Regulation (EC) No 1638/2006. Further extensions of this participation to other natural or legal persons by the relevant authorising officer shall be subject to the conditions provided for in article 21(7) of the above mentioned regulation.

2) Specific rules for grants

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions. They are established in accordance with the principles set out in Title VI 'Grants' of the Financial Regulation applicable to the general budget of the European Union. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 90% of the total accepted costs of the Action. Full financing may only be applied in the cases provided for in Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December

2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget.

4.3. Indicative budget and calendar

The maximum contribution to this programme is EUR 22,000,000. The duration of the programme is estimated at 84 months after the signature of the Financing Agreement including an operational phase of 60 months and a closure phase of 24 months.

The indicative breakdown of the overall budget is as follows:

Component	Management mode, (type of contract foreseen)	Amount (EUR)
1. Construction of the wastewater treatment plant and reuse infrastructure	Partially decentralised management Mainly Works contracts	16,500,000
2. Detailed design and supervision of the works	Partially decentralised management Mainly Service contracts	1,000,000
3.1 Capacity building, and 3.2 accompanying measures for the Sanitation and Reuse component	Direct centralised management Mainly Service and grant contracts	1,200,000
3.3 Preparatory studies for future programmes	Partially decentralised management Mainly Service contracts	800,000
4. Communication and visibility	Direct centralised management Mainly Service and grant contracts	50,000
5. Audit, evaluation	Direct centralised management Service contracts	450,000
6. Contingencies		2,000,000
TOTAL		22,000,000

4.4. Performance monitoring

- (a) Continuous technical and financial monitoring is the Beneficiary's responsibility. The Beneficiary shall establish a technical and financial, monitoring system to the project, which will generate progress reports and safeguard internal control.

- (b) The Commission may carry out Results Oriented Monitoring via independent consultants, starting from the sixth month of project activities, which will be finalised at the latest 6 months before the end of the operational implementation phase.

Fulfilment of the following key performance indicators will be monitored along with the execution of the project:

- Number of households connected to wastewater collection and disposal services for Tubas governorate localities.
- Cases of water related diseases in the area covered by the sanitation network.
- Volume of treated effluents used in irrigation.
- Percentage of treated wastewater used in agriculture.
- Number of farmers using the treated wastewater and area irrigated with treated wastewater.
- Economic sustainability of water and sanitation infrastructure.
- National institutions having a stake in the Water and Sanitation cooperate and are able to implement their respective mandates.

4.5. Evaluation and audit

An external final evaluation, covering all the activities of the action, will be carried out in accordance with European Commission procedures. Where appropriate, external audits of specific projects will be undertaken.

4.6. Communication and visibility

The action will follow the visibility guidelines of the European Commission. Each contractor will be responsible for implementing those guidelines in line with the relevant templates.