

**(2 Volumes)**

**EMERGENCY ASSISTANCE  
TO THE  
OCCUPIED TERRITORIES**

---

**Volume II: Technical Assistance Program**

**The World Bank  
Washington, D.C.**

**March 1994**

**FILE COPY**

## ABBREVIATIONS

CA	=	Civil Administration
CIDA	=	Canadian International Development Agency
DOP	=	Declaration of Principles
EAP	=	Emergency Assistance Program
EDI	=	Economic Development Institute
EIB	=	European Investment Bank
ERP	=	Emergency Rehabilitation Project
EU	=	European Union
FIAS	=	Foreign Investment Advisory Service
IBRD	=	International Bank for Reconstruction and Development
ICB	=	International Competitive Bidding
IEC	=	Israel Electric Corporation
IFC	=	International Finance Corporation
ILO	=	International Labor Organization
IMF	=	International Monetary Fund
IS	=	International Shopping
JEDCO	=	Jerusalem Electricity Distribution Co.
JWU	=	Jerusalem Water Undertaking
MIGA	=	Multilateral Investment Guarantee Agency
NGO	=	Non-Governmental Organization
ODA	=	Overseas Development Administration (UK)
OT	=	Occupied Territories (West Bank and Gaza)
PECDAR	=	Palestinian Economic Council for Development and Reconstruction
PBS	=	Palestinian Bureau of Statistics
PDI	=	Palestine Development Institute
PEPA	=	Palestinian Environmental Protection Agency
PLO	=	Palestine Liberation Organization
PWA	=	Palestinian Water Authority
RPIU	=	Road Program Implementation Unit
TA	=	Technical Assistance
TATF	=	Technical Assistance Trust Fund for the Territories
TOR	=	Terms of Reference
UNDP	=	United Nations Development Programme
UNRWA	=	United Nations Relief and Works Agency
UNICEF	=	United Nations International Children's Emergency Fund
UNCTAD	=	UN Commission on Trade and Development
USAID	=	United States Agency for International Development
WFP	=	World Food Programme
WHO	=	World Health Organization

# CONTENTS

	<b>Page</b>
<b>Preface</b> .....	<b>i-ii</b>
<b>I. Executive Summary</b>	
<b>Objectives and Approach</b> .....	<b>1</b>
<b>Strategy and Priorities by Sector</b> .....	<b>3</b>
<b>Implementation Arrangements</b> .....	<b>7</b>
<b>Benefits</b> .....	<b>8</b>
<b>Next Steps</b> .....	<b>9</b>
<b>II. Program Description</b>	
<b>Water Supply and Wastewater</b> .....	<b>10</b>
<b>Electric Power</b> .....	<b>14</b>
<b>Telecommunications</b> .....	<b>16</b>
<b>Transportation</b> .....	<b>18</b>
<b>Urban and Municipal Development</b> .....	<b>21</b>
<b>Environment</b> .....	<b>23</b>
<b>Solid Waste</b> .....	<b>27</b>
<b>Education</b> .....	<b>29</b>
<b>Health</b> .....	<b>32</b>
<b>Economic Management</b> .....	<b>35</b>
<b>Financial Management, Accounting and Auditing</b> .....	<b>41</b>
<b>Private Sector</b> .....	<b>44</b>
<b>Agriculture and Fisheries</b> .....	<b>46</b>
<b>Financial Sector</b> .....	<b>47</b>
<b>Housing</b> .....	<b>50</b>
<b>Legal Affairs</b> .....	<b>51</b>
<b>Tourism and Cultural and Natural Resources</b> .....	<b>54</b>
<b>III. Program Implementation and Management</b>	
<b>Implementation Arrangements</b> .....	<b>56</b>
<b>Procurement</b> .....	<b>57</b>
<b>Monitoring and Evaluation</b> .....	<b>60</b>

**IV. Program Cost and Funding**

Program Cost . . . . .	61
Program Funding . . . . .	61
Establishment of the Technical Assistance Trust Fund for the Territories . . . . .	61
Trust Fund Management and Cost . . . . .	62
Accounting and Auditing of Trust Fund Activities . . . . .	63
Donor Coordination . . . . .	63

<b>V. Benefits and Risks . . . . .</b>	<b>64</b>
--	-----------

**Annexes**

Annex 1. TA Program Activities by Sector . . . . .	67
Annex 2. TA Program by Sector and Type of Activity . . . . .	83
Annex 3. TA Program by Major Type of Activity . . . . .	87
Annex 4. List of Bank Mission Members . . . . .	89
Annex 5. List of Palestinian Counterparts . . . . .	91

## **PREFACE**

On October 1, 1993—following the historic September 13 accord between Israel and the PLO—a donors' conference took place in Washington, D.C. to mobilize international support for economic and social development in the Occupied Territories. Participants in the conference felt strongly that there was an urgent need to deliver tangible benefits to the Palestinian population to reinforce the momentum towards peace. Towards that objective, participants pledged over US\$2 billion in financial assistance and asked the World Bank to provide the framework and technical underpinning needed to use such assistance effectively.

Responding to the sense of urgency expressed by the donors, a Bank mission visited the Occupied Territories from October 11 to November 22, 1993, following a brief visit to Tunisia to confirm the mission's objectives with the Palestinian Leadership. In Tunisia, it was agreed that the World Bank mission to the Occupied Territories would seek:

- To provide a framework that would ensure effective use of donor assistance for meeting the immediate needs of the Occupied Territories;
- To identify technical assistance needs for building the Palestinian capacity to design and manage economic development programs; and
- To lay the groundwork for effective use of donor assistance over the longer term by identifying technical studies related to high priority policies, programs and projects.

Representatives from Denmark, the European Commission (EC), the European Investment Bank (EIB), Japan, Norway, Switzerland, and the United States Agency for International Development (USAID) participated in the mission. United Nations (UN) agencies—in particular the United Nations Relief and Works Agency (UNRWA), the United Nations Development Programme (UNDP), and the United Nations Children's Emergency Fund (UNICEF)—were also actively involved in mission work. UNDP and UNRWA seconded several experienced staff members from their local offices to the mission. Representatives of other donors were also consulted regularly and were kept abreast of developments. Extensive contacts were maintained with the local and international Non-Governmental Organizations (NGOs) active in the Occupied Territories. The mission also worked closely with a number of visiting delegations, including those from the UN, UNRWA, World Food Program (WFP), International Monetary Fund (IMF), International Labor Organization (ILO), UK, and Sweden.

The mission received excellent cooperation from the Palestinian and Israeli authorities. The Palestinians set up a highly professional and dedicated Counterpart Team to work with the mission. Mission members travelled extensively in both Gaza and the West Bank, meeting a broad spectrum of Palestinians concerned with issues of transition and socioeconomic development. On the Israel side, the mission had extensive contacts with the Bank of Israel, the Civil Administration in charge of the Occupied Territories, and Israeli Ministries of Finance, Foreign Affairs, and Environment.

This report is based on the findings of the above mission. It relies heavily on descriptions and broad sectoral strategies elaborated in the World Bank study, *Developing the Occupied Territories: An Investment In Peace* (1993). The report is in two volumes. Volume I of the report describes the main

issues affecting the various sectors of the Palestinian economy and presents proposals for investments designed to address those issues. It also describes the external financing requirements of the public sector—including the start-up and transitional expenditures of the new Palestinian administration. Volume II provides a detailed description of the complementary technical assistance package needed to support project preparation and to help with institution building for overall development.

An earlier draft of this report was discussed with the Palestinian and Israeli authorities by a follow-up Bank mission to the Occupied Territories during December 8-12, 1993. That was followed by further discussions at the first Consultative Group meeting for the Occupied Territories held in Paris on December 16, 1993. The draft report has been revised, as appropriate, to reflect comments and suggestions from the Palestinians and the Israelis, and from the Consultative Group.

Because of the many uncertainties affecting the Occupied Territories at this stage, it is important that the investment and technical assistance programs proposed in this report should be treated as indicative rather than as a blue print. To remain relevant and useful, the report will require regular updates in light of the unfolding peace negotiations and the actual implementation experience.

# I. Executive Summary

## Objectives and Approach

1.1 This report outlines a three-year program of priority technical assistance to help the Palestinian authorities build institutions and enhance their capacity for self-government, design policies and programs for sustainable development in the Occupied Territories (OT), and prepare and implement investments under the proposed Emergency Assistance Program. The report has been designed to give the reader a thorough understanding of the content of and justification for the TA program in the various sectors. Accordingly, it summarizes the medium-term development strategy in each sector, described in greater detail in Volume I; it then describes the TA priorities in each sector that flow from the sector strategy and the recommended sequencing of those activities; and, finally, it highlights, in summary form, the content and cost of each TA activity. Terms of reference for most activities proposed to be initiated in 1994 have been prepared in draft and are available in Project Files maintained at the Palestinian Economic Council for Development and Reconstruction (PECDAR) and at the World Bank.

1.2 Activities included in the TA program have been designed to:

- be consistent with the agreed sectoral strategy;
- facilitate the transition to self-government by helping develop institutional structures, administrative capacities and coherent policies at the sectoral level;
- support the rehabilitation and reconstruction of existing public services and infrastructure; and
- support the implementation of investments to be funded under the Emergency Assistance Program (EAP), and the preparation of investments to be funded in the medium-term.

1.3 As the OT have been largely without their own government institutions, policies and programs for the past 27 years, there is a heavy agenda of technical assistance required. In sum, the program amounts to about 100 priority TA activities, phased over the next three-year period, with an estimated aggregate cost of about US\$75 million, divided as follows:

Institution Building & Training	US\$27.0 million
Project Preparation and Implementation	29.7 million
Policy Studies	11.0 million
Feasibility Studies	<u>8.0 million</u>
Total	US\$75.7 million

A sector by sector breakdown of the TA program is provided in Annexes 1, 2, and 3.

1.4 Having identified the TA priorities, the overall set of activities was screened to establish the proper sequencing in each sector. Activities that should be initiated in 1994, 1995 and 1996 were classified as "Phase One", "Phase Two", and "Phase Three" activities, respectively. Activities which are

unscheduled, for whatever reason, were classified as "Other Activities". These designations should be treated as indications of relative priority due to sequencing considerations. Given the uncertainties inherent in the present situation — not the least of which is the unknown outcome of future bilateral negotiations between the OT and Israel — slippage in the planned timing of some activities may occur. For example, launching of several feasibility studies in the transportation sector must await the outcome of bilateral negotiations.

1.5 Flexibility in program design and sequencing is particularly important since, at this point, it would be both unwise and unnecessary to lock in the entire three-year TA program. There are a number of reasons for this. First, the present political and economic situation is uncertain and transitional. It is fully expected that priorities will change during the course of the transition to self-government as an elected Palestinian authority takes power, and in light of changing political and economic circumstances over the next three years. These changes may, in turn, necessitate modifications in the content of the TA program. Second, the priority TA needs identified far exceed present local implementation capacity. Until that capacity grows — and this program is designed to do so — it will not be possible to gauge the pace at which this program can realistically be implemented. Third, although additional external resources are expected to be available, the estimated cost of the TA activities identified significantly exceeds the US\$32 million pledged for the Technical Assistance Trust Fund for the Territories (TATF), to be administered by the World Bank, and choices may have to be made to align demands with available resources. Therefore, it is important that the TA Program should be viewed flexibly, as a rolling plan. This plan would be subject to review and adjustment at frequent intervals during the course of the projected three-year implementation period to accommodate evolving priorities of the Palestinian self-governing authority. A first review is proposed for mid-1994 to reassess the program's content and targets in the light of developments at that time.

1.6 From the overall TA program, a subset of activities has been recommended for financing by the TATF. The activities suggested for Trust Fund financing are generally those which support the establishment of institutions and the design of sectoral policies. This selection rests on the understanding that one of the principal objectives of the donors in providing such generous funding on an unprecedented "joint" basis through the Trust Fund is to encourage the creation of a coherent framework of sectoral strategies, policy and institutional development within which other specific activities could take place. Activities identified for Trust Fund financing amount to about US\$25 million at this stage. Other TA activities, which bilateral and multilateral donors have expressed an interest in funding and managing, amount to a further US\$25 million. Final decisions on actual funding and management of these activities are still to be reached in most cases and flexibility and close coordination among donors will be required to ensure that worthwhile activities do not languish for want of funds. An indication of the current funding status for each TA activity, where known, is included in Annex 1.

1.7 Because of the limited technical and financial resources available and because of the transitional and uncertain nature of the present political and economic situation, a pragmatic approach to the TA program is warranted. The focus must be first on a limited subset of priority TA activities which should be carried out to facilitate the transition to self-government and to launch the Emergency Assistance Program. This subset consists of thirty five TA activities, with an estimated cost of US\$20.3 million, which include:

- important institution-building activities, including training, to prepare for the takeover of specific governmental functions from the outgoing Civil Administration (US\$10.9 million);



- actions to complete preparation of investments to be launched in 1994 (US\$6.6 million);
- studies to outline options for coherent sector or sub-sector policies to the incoming Palestinian government, particularly in sectors where policy-making and management have been in the hands of Israeli authorities since 1967 (US\$2.3 million); and
- feasibility studies for a few urgent projects, for example waste water treatment and reuse in Gaza, which are expected to be carried out in 1994 (US\$0.5 million).

**1.8** About one half of these activities support the establishment of Palestinian administrative capacity and institutions: eight of these activities are focused on the Palestinian Economic Council for Development and Reconstruction (PECDAR), the Palestinian Bureau of Statistics (PBS) and the proposed Palestine Development Institute (PDI). The other institution-building activities support the establishment of a legal framework and regulatory authority for the financial sector, task forces to deal with transitional issues of civil service and public administration, the first steps toward a comprehensive legal reform, efforts to overcome the obstacles to urban planning and development, and training in procurement, project analysis, project management and in telecommunications operation and maintenance; the latter to enable Palestinians to take over operation of the telephone exchanges when they assume self-government in Gaza and Jericho. Another eleven activities support early project preparation and implementation in electric power, finance, municipal roads and water supply, solid waste, telecommunications, road transport and water and sanitation. The remaining five activities are policy and feasibility studies of issues and projects of high concern to policy makers and the Palestinian population.

**1.9** The process of assembling this TA program reflects a conscious effort to ensure that it is fully responsive to Palestinian requirements, yet does not prejudice the outcome of bilateral negotiations on sensitive issues. After years of occupation, there is an understandable desire among the Palestinians to manage their own affairs and a reluctance to rely heavily on foreign inputs. Current institutional weaknesses and shortages of certain technical skills can be addressed by either concentrated inputs of foreign expertise or more time-consuming training to build local capacity. The TA program has tried to address this dilemma on a sector-by-sector and case-by-case basis. Nevertheless, it is recognized that the program design has only been partly able to address the imperatives of two competing objectives: to maximize Palestinian inputs and build local implementation capacity through the TA program on the one hand; and the demand for speedy implementation to show tangible results quickly on the other.

### **Strategy and Priorities by Sector**

**1.10** The details of the strategy and TA activities in each sector are summarized in the following paragraphs and are described in greater detail in Chapter II.

**1.11 Water Supply and Wastewater.** TA would be provided to meet four broad objectives of the sector strategy: i) initiate institutional reform at the center and develop coherent water conservation policies and practices; ii) establish a unified water and sewerage utility for the Ramallah District, as a model utility, and develop proposals for creating comparable agencies in Gaza and other regions of the West Bank; iii) review waste water treatment and re-use technologies and develop investment proposals consistent with local constraints and conditions; and iv) support implementation of the recommended Emergency Assistance Program through advisory consulting services, training and project preparation facilities. During the next three-year period, the TA would meet priority rehabilitation and network requirements while laying the basis for long-term institutional reform. In addition, TA is to be provided under the ERP to cover the cost of consulting contracts to help implement municipality-managed water and urban road projects. Twelve technical assistance activities are proposed with an estimated total cost

of US\$9.7 million. This sum includes several sewerage and drainage studies in Gaza and the West Bank which are being proposed by UNDP and UNRWA but for which the complete cost has not yet been estimated.

**1.12 Electric Power.** The proposed power sector investments, totalling US\$108 million, to improve the distribution networks in Gaza and the West Bank, will only be fully effective and sustainable if parallel steps are taken to: (i) improve the capacity of Palestinians to manage and maintain the distribution networks; (ii) reduce losses due to technical factors and theft; and (iii) develop an institutional and regulatory framework. TA is provided to complete project preparation so that there is a 1994 start to the investments to be financed under the ERP, to recommend institutional consolidation to provide an improved regional basis for efficient and safe utility operations and to plan longer-term investments. TA is also proposed to help manage implementation of physical investments in the sector, at an expected cost of US\$4.1 million, to be financed in part under the ERP. The cost of the four TA activities is expected to total US\$7.4 million over the next three years. In addition, an institutional and regulatory study is to be carried out jointly for electric power, telecommunications and post.

**1.13 Telecommunications.** The immediate concern is to ensure that the sector continues to be operated and maintained without interruption and that the transition to Palestinian control occurs smoothly. The TA program provides emergency training in switching and transmission for Palestinian engineers so that they can operate and maintain the existing network in Gaza and Jericho, as well as a management contract with an international operator to ensure continuity of service quality, longer-term training for Palestinian staff and the preparation of a new investment program to double existing system capacity. In the medium term, TA is provided to establish an institutional and regulatory structure for the future development of telecommunications, electric power and postal services. The four technical assistance activities required during the next three years are expected to cost US\$3.2 million.

**1.14 Transportation.** The most urgent task is to begin preparation of a short-term road rehabilitation program for investment in 1994. Technical assistance is also provided to establish a Road Project Implementation Unit (RPIU) to manage final preparation and implementation of an emergency program of road maintenance and rehabilitation. The RPIU would be established, under contract to PECDAR, to supervise management by the municipalities of the contractors carrying out the program of road maintenance in Gaza and the West Bank being financed under the ERP. The activities of the RPIU are expected to cost about US\$3.5 million over three years and would be financed as part of the ERP. This unit would also identify priorities and design a program for the systematic rehabilitation of the main road network, based on an assessment of long-term transport requirements, and design of a village access road program. This unit is expected to evolve gradually into a highway authority or road administration. Once bilateral negotiations reach a mutually satisfactory point, feasibility studies of major medium- to long-term transport projects considered as high priority by local planners, would be carried out. The TA activities for the sector are expected to cost US\$6.3 million.

**1.15 Urban and Municipal Development.** The Emergency Assistance Program provides an opportunity to reactivate municipal services and harness the potential of existing municipal management and service units to commence a planned program of maintenance and rehabilitation of urban infrastructure. The municipalities require a combination of short- and long-term assistance to help them cope with the sudden burst of contracts they must manage. In the short term, training will not quickly replace the shortage of skilled technical staff capable of preparing and implementing the volume of works envisioned. To bridge this gap during the next three years, and to complement the work of the RPIU mentioned in the previous paragraph, the TA program would provide funds to enable municipalities to engage short-term consultants to help them review, plan and design projects; carry out feasibility studies; or otherwise complete the preparation of the many projects of deferred maintenance and rehabilitation

works proposed by the 29 municipalities in the West Bank and Gaza. Technical assistance would also be made available to carry out traffic management studies for the four most congested urban centers in the West Bank and Gaza. Further, consultants are expected to initiate an urban development, planning and management program, on a pilot basis in two communities, one each in the West Bank and Gaza. This study would support the development of industrial estates, once the basic issues of land access and planning have been resolved. The five TA activities in the sector are expected to cost US\$5.4 million.

**1.16 Environment.** Successful economic recovery requires the effective integration of environmental issues in economic management. At present, no structure exists to perform such a function. Data are generally lacking, but experienced Palestinians are not. Serious environmental problems exist in agriculture, water, waste water and solid waste; environmental conditions in Gaza are among the worst in the Middle East. The strategy would be to focus efforts over the next three years on the establishment of administrative frameworks and practical plans to manage the environment; support environmental education and public awareness programs; and prepare an environmental action plan and monitoring framework, and a ground water management and monitoring system for Gaza. An estimated US\$4.0 million in equipment and technical assistance are also needed to implement the Gaza groundwater monitoring plan and environmental standards, monitoring and other facilities. These are expected to be financed by bilateral sources or under the ERP. The estimated cost of the environmental TA activities is US\$7.7 million over the next three years. The Dutch have already embarked on two of these activities and the UNDP, with Canadian support, initiated another in early 1994.

**1.17 Solid Waste.** Technical assistance is intended to complete the preparation of the documentation needed to tender for five solid waste disposal sites; to design about 8 landfills and transfer stations as model projects; to provide project management and implementation support to PECDAR; to design a legal and regulatory framework for the sector; and to conduct a resource recovery and composting study. The estimated cost of these TA activities is US\$4.4 million over a three-year period.

**1.18 Education.** The current educational system is unbalanced and has major quality problems. It is biased toward university study, paying inadequate attention to vocational and technical education. The long-term strategy needs to focus on the core issues of quality and relevance. Technical assistance would assist completion of a school mapping study to plan investments in new schools and begin the planning and design of long-term curricular and pedagogic reforms. It includes professional analysis and training to improve the financial management of educational institutions and the financial sustainability of the educational system as a whole. Finally, it would strengthen vocational and technical education through support to a vocational education task force. The estimated cost of the six TA activities in the sector is expected to total US\$4.6 million over the next three years. This includes project preparation assistance to support investments being financed by the ERP.

**1.19 Health.** Specific TA activities are proposed to assist the incoming Palestinian authorities design future policies that focus primarily on increasing the internal efficiency of the health sector and controlling the overall costs of health care, rather than on expanding the system, particularly at the hospital level. Support is also provided for harmonizing the CA and UNRWA health systems and for the design of a national health insurance plan. The latter is expected to be covered as part of a large TA program in the health sector funded by USAID. The TA program includes three specific TA activities with an estimated cost of US\$3 million over the next three years.

**1.20 Economic Management.** The complex task of organizing and guiding the reconstruction and economic development of the Occupied Territories after the transfer of self-governing authority to

Palestinians and the management of the substantial aid pledged by the international community is to be the responsibility of PEC DAR. It would initially formulate economic policy and public expenditure priorities, coordinate the flow of external assistance, and manage or monitor the activities financed through such assistance. PEC DAR would also coordinate the early process of reform in key areas (civil service, legal affairs, and public administration) through its support of expert task forces where no other implementing agency is presently available. Assistance would also be provided to several other new government economic institutions, including the recently established Palestinian Bureau of Statistics and the proposed Palestine Development Institute. Technical assistance would be provided in the form of seconded staff, advisors, consultants, operating systems and policy studies to strengthen PEC DAR. The cost of this TA is estimated at US\$15.6 million. Part of this support is expected to be provided by the International Monetary Fund, probably with funding from the European Union (EU). Other components of the program are expected to be funded by bilateral donors and UNDP. Under PEC DAR's leadership, the first TA activity - a procurement seminar for municipality engineers - was carried out in late January 1994.

**1.21 Financial Management, Accounting and Auditing.** Given the dearth of qualified financial professionals in public service and the lack of managerial responsibility over the past 25 years, TA priorities include: refresher training in basic financial management, accounting and auditing for managers in public sector and quasi-public sector bodies, such as universities; training for a cadre of government auditors; establishment of uniform accounting, budgeting and financial reporting and control systems for the municipalities; upgrading the private accounting and auditing profession; and design of central accounting and external and internal control networks in government. These TA activities are expected to cost about US\$2.1 million over the next three years. One TA activity is planned to begin in the period through June 1994, for which UNDP funding has been agreed.

**1.22 Agriculture and Fisheries.** The TA program would focus on developing options and implementation plans for sectoral policy and institutional restructuring, measures to boost trade in agricultural products, and to expand production of olives and fish protein. This would include defining the role of and strengthening essential public services, in such a way as to maintain the advantages of the plurality of existing services, without prejudicing future changes in the role of the public sector and the agencies currently involved in supplying such services. A total of four TA activities, with an estimated cost of US\$1.3 million, are proposed to help carry out the sector strategy over the next three years. Other activities of interest to agriculture are being carried out in other sectors. These include feasibility studies on water reuse and well rehabilitation (urgent priorities in the water sector), a fishing port at Gaza (transport sector) and the collection and analysis of agricultural statistics (economic management), as part of the broader development of Palestinian statistical capacity.

**1.23 Financial Sector.** Assistance would be provided to help implement recent bilateral Palestinian-Israeli and Palestinian-Jordanian agreements, once these are finalized. This assistance would include helping to prepare a unified legal and regulatory framework for the financial sector and to establish a Palestinian institution to deal with monetary and banking issues and which is expected to begin by focusing on the supervision of banks operating in the OT. Assistance would also support steps toward the creation of a development or investment bank as a source of long-term credit. The cost of technical assistance is estimated preliminarily at US\$0.6 million. The British and Swiss governments have expressed an interest in providing direct financial support for some of these activities.

**1.24 Housing.** TA in the housing sector is designed to address the complex of issues related to land development, property rights and registration; land use and planning laws and regulations; the limited

autonomy of local municipalities over housing and real estate taxes; housing policy, including issues related to returnees and improvements of refugee camp housing; and the virtual absence of credit for the financing of real estate. The issues of land ownership and registration, land use classification and zoning and permitting at the local level must be resolved to remove land access as an obstacle to development so that progress can be made in the sector. The estimated cost of the TA package for the housing sector is US\$2.4 million.

**1.25 Legal Affairs.** Technical assistance is planned to begin a process of legal reform through clarification, harmonization and modernization of the disparate legal systems in the West Bank and Gaza, and to create a set of simplified procedures for company incorporation and registration. The total cost of these activities is estimated at US\$0.8 million in 1994.

**1.26 Tourism and Cultural and Natural Resources.** Technical assistance would support the recently formed Higher Council for the Arab Tourist Industry to promote development of the Arab-owned tourism sector in Gaza and the West Bank, and the establishment, if appropriate, of a Tourism Authority to set standards and monitor service quality in the sector. This body would promote the growth of tourism in a manner sensitive to environmental conditions, cultural heritage and local social and religious attitudes. It would also support carrying out an assessment of the constraints that have hindered past Palestinian investment in the sector and prepare a plan to resolve those constraints. Finally, TA would assist with the preparation of a cultural resources inventory and help design institutions and programs to conserve and exploit the cultural heritage and natural resources of the OT. The cost of this TA is preliminarily estimated at US\$1.2 million.

### **Implementation Arrangements**

**1.27** The capacity to implement the proposed technical assistance activities will be the single most important factor in determining whether the substantial financial support being provided by the international community is used effectively and rapidly to achieve the objectives of the Emergency Assistance Program. At this point several critical TA activities to prepare investment projects need to be negotiated if results from the proposed investment program are to be apparent on the ground in 1994. While it begins the slow process of institution building, PECDAR needs immediate capacity to sign contracts, receive funds and handle disbursements, and a decision to empower existing entities with established implementing capacity to act as its agent.

**1.28** PECDAR has established an Office of Program Management and Monitoring, which will supervise the implementation of investment projects by various implementing agencies, and an Office of Technical Assistance and Training, which will handle all TA that is not directly related to project implementation or economic policy formulation. For at least the next several months, PECDAR's capacity to participate actively in project or TA management is likely to remain limited.

**1.29** If the Palestinian leadership wishes to initiate donor-financed activities quickly, PECDAR's limited capacity must be augmented by delegating implementation of some of the activities to a number of capable local and international bodies, each with capacity in its respective field of operation, and accountable to PECDAR, or its representative, for results. Substantial capacity already exists within the Occupied Territories to carry out the TA activities described in this report. Local bodies (including municipalities, universities, chambers of commerce and other largely private entities), UN agencies (principally UNRWA and UNDP), local and international NGOs, and the Civil Administration now exercise varying implementation capacity and authority in their respective areas of responsibility.

Potential implementing agencies could also include technically competent organizations that might not be present in the OT but that could mobilize rapidly. The latter would include Palestinian and non-Palestinian private sector companies, particularly those with substantial Middle Eastern contracting and project management expertise and experience.

1.30 The procurement of goods and services for the TA program to be financed by the World Bank-administered Trust Fund would be in accordance with the World Bank's *Guidelines for Procurement*. The accounts of PECNDAR and all TA program funds, including the Special Accounts and Statements of Expenditures, would be audited annually by independent, international auditors acceptable to the World Bank. A semi-annual work plan and budget for each TA activity would be prepared by the implementing agencies, reviewed by PECNDAR and agreed with the World Bank. The implementation of these annual work programs would be monitored through regular progress reports prepared by PECNDAR and intensive field work by World Bank staff. PECNDAR and the World Bank expect to carry out a joint review of progress in implementing the TA program in mid-1994 in order to assess progress during the previous six months and to agree on a work plan and budget for the subsequent six-month period.

1.31 Effective support from the World Bank is likely to be vital to the successful implementation of the Technical Assistance program. Given the unusual situation of an inexperienced beneficiary and a highly compressed work program, providing such support will be a labor-intensive business. It is assumed that the Bank will provide substantial staff support, both in terms of technical inputs (drafting TORs, reviewing proposals, studies, etc.) at the sectoral level, and for procurement, especially during the first year, if the TA program is to be carried out efficiently in the compressed time period envisioned. Such support will include stationing one or more staff members in the field to assist with implementation issues, at least at the outset. Trust Fund management is expected to be provided by a full-time coordinator who would spend most of his/her time on TA implementation issues, supported by two to three full staff-years annually of technical support.

## **Benefits**

1.32 The most tangible and rapid impact of the Technical Assistance program would be in the preparation of some US\$200 million of physical investments to be initiated in 1994 throughout Gaza and the West Bank. A second important benefit will be broad access for Palestinians to a wide variety of training opportunities. Training is expected to be an integral component of almost all TA activities, even those which are not explicitly designated as training. Whether formal or informal, training will be a major benefit derived from all analytical and implementation-related activities that link Palestinian individuals, firms and institutions to international individuals, companies and governmental and non-governmental bodies. The first TA activity in this program was an international procurement seminar sponsored by PECNDAR, and designed and delivered by the World Bank and the ILO to more than 50 municipality engineers in late January 1994.

1.33 Somewhat less tangible, but no less important, would be the contribution of the TA program to the establishment of Palestinian institutions. TA activities will facilitate the development of Palestinian capacity for self-government and the rehabilitation and integration of other Palestinian institutions across much of the economy and society, including education and health, water, environment, telecommunications and public administration and economic management.

## **Next Steps**

**1.34 First, the Grant Agreement between PEC DAR and the World Bank for the TATF, which covers, *inter alia*, procedures for procurement, withdrawal of funds and payments to suppliers must be signed and become effective so that payments for the TA activities can be made on a regular basis. Second, in a number of sectors, delegation of institutional responsibility for implementation of TA activities needs to be agreed upon to start the program. Third, negotiations of contracts for the early project preparation activities need to be successfully concluded. Fourth, agreements must be reached on terms of reference and related contracting issues to initiate the thirty five highest priority TA activities.**

## **II. Program Description**

### **Water Supply and Wastewater**

**2.1 Sector Strategy.** The water and sewerage sector is in urgent need of institutional and physical rehabilitation and expansion, as described in paras. 3.39 - 3.54 of Volume I. Water supplies in the OT are generally inadequate, and there are severe water quality problems. Most sewage is discharged untreated. Networks are generally old; unaccounted-for-water can exceed 50 percent; and meters are commonly inaccurate, broken or bypassed. In Gaza, continued over-pumping could irreparably damage the groundwater resource. The current weak state of the sector is largely attributable to fragmented institutional arrangements consisting of numerous, relatively small, under-funded municipal departments. As a result, skills are lacking, and training is practically absent; operation and maintenance is weak, resulting in excessive water and financial losses; and the value of waste water as an economic resource has not been addressed, despite the critical shortage of water in the region. Reductions in water losses, the reuse of waste water and other conservation measures are necessary short-term measures to increase water supplies. An equitable and effective policy, planning and regulatory framework for resource management is urgently required for both Gaza and the West Bank, together with the institutional capacity for its implementation. A Palestinian Water Authority (PWA) is envisaged in the Israeli-Palestinian Declaration of Principles, which would probably set sector policy and regulate the use of water resources. Once effectively established, it would be expected to assume responsibility for supervision of TA activities in the water sector, currently expected to become the responsibility of PECDAR and other implementing agencies. Although the completion of a comprehensive water resources study depends on progress in bilateral negotiations, strict enforcement measures are required now to protect the scarce groundwater resources in Gaza. In addition, a number of regional water supply companies have been proposed by the Palestinian technical committees to consolidate the scarce resources of the numerous, but inadequate, local government water departments. During the three-year program period, the objective will be to implement an emergency investment program to meet priority rehabilitation and network requirements, while laying the basis for long-term institutional reform. Attention will also be given to expanding piped water coverage in rural areas. Major investments in new water supplies - e.g. desalination - and waste water treatment would be deferred until their technical feasibility and economic justification have been clearly established. Essential complementary activities for environmental assessment, monitoring systems and the development of management plans (such as for the Gaza aquifer) are described in the environmental sector (para. 2.15).

#### **Technical Assistance Priorities**

**2.2** In support of this sector strategy, TA would be provided to meet four broad objectives: i) initiate institutional development at the center, and develop coherent water conservation policies and practices; ii) establish a unified water and sewerage utility for the Ramallah District of the Jerusalem Water Undertaking, as a model utility, and develop proposals for creating comparable agencies in Gaza and other regions of the West Bank; iii) review wastewater treatment and reuse technologies and develop investment proposals consistent with local constraints and conditions; and (iv) support the implementation of the recommended emergency investment program through advisory consulting services, training and project preparation facilities. In addition, TA is being provided under the ERP to cover the cost of consulting contracts to help implement municipality-managed water and urban road projects. To facilitate



the coordination and packaging of water, sewerage and municipal roads projects, a single consulting contract will cover both sectors. The cost of project implementation assistance is expected to be US\$ 2.3 million over two years. A total of twelve technical assistance activities are proposed during the next three years. Details of proposed Phase One TA activities are provided in Annexes WS1 - WS7 as part of the Project File. The total estimated cost is US\$9.7 million. This estimate includes several sewerage and drainage studies in Gaza and West Bank which are being proposed by UNDP and UNRWA. The cost of one of these studies is estimated at US\$1.3 million but the cost of the other studies is not yet known. The governments of Canada, Denmark, Germany, the Netherlands and Norway have indicated an interest to fund specific activities in this sector.

### **Phase One Activities**

(a) **Institutional Development Specialist:** a short-term consultant to review the Jerusalem Water Undertaking (JWU) in-house organization and management plan and to prepare TORs for three studies: items (d), (f) and (g) below. The estimated cost for this small consultancy is US\$20,000. It should start immediately. The TATF is expected to finance this activity.

(b) **Project Preparation Facility Including Well Rehabilitation:** immediate assistance to review the numerous individual project proposals put forward by the municipalities and other agencies (including urban roads) and to provide guidance and assistance in the preparation of design and tender documents to ensure that project proposals accepted for funding are justified and adequate in quality. It includes an assessment of rehabilitation needs of municipal water wells and publicly-owned irrigation wells in the Jericho region, design of a rehabilitation program, and review of all new well proposals for Gaza and the West Bank. This assistance will take place during the next six months and is expected to be implemented by regional and local consulting firms. The cost is expected to be US\$1.1 million and to be funded by the TATF.

(c) **Wastewater Treatment and Reuse Strategy:** the development of a strategy for waste water treatment and reuse in Gaza and the West Bank, particularly for agriculture, in order to ensure that proposals for waste water treatment are appropriate. An immediate first phase would review the existing (poorly functioning) treatment plants, identify waste water reuse options and recommend the type and extent of treatment appropriate to each so that current proposals can be evaluated. A more definitive second phase would examine reuse options in detail, review experience in comparable situations elsewhere and formulate policy recommendations and strategy for wastewater treatment and reuse. The cost of the first phase of this assistance is expected to be US\$55,000; that of the second phase US\$350,000. This activity is expected to be funded by the TATF.

(d) **Ramallah Sewerage Master Plan:** unification of the sewage system for the Ramallah district and the transformation of the JWU into a combined water and sewerage authority. JWU provides water services to the Ramallah region of the Central West Bank and presents the only local institutional model of a successful water utility. The estimated cost of this study is US\$285,000. FINNIDA has apparently agreed to provide funding on a bilateral basis through UNDP. Draft TOR have been prepared by UNDP.

### **Box 2.1 The Issue of Jerusalem**

The city of Jerusalem has occupied a central place in the history of three great religions—Judaism, Christianity, and Islam. It has also played a major role in shaping the economic, social, and political lives of the Middle East Region for over three thousand years. An important aspect of the current conflict in the Region centers on control of Jerusalem.

The 1948 war led to partition of Jerusalem into the Eastern and Western parts. At the end of the 1967 War, East Jerusalem was occupied by Israeli forces. Following the occupation, the Jerusalem city limits were expanded by Israel to include some surrounding areas from the West Bank. The expanded city was annexed by Israel on July 30, 1980. Although Arab residents of Jerusalem have been given the option of obtaining Israeli citizenship, few have chosen to do so. Israel views Jerusalem as its historic capital and maintains that Jerusalem must never again be a divided city.

Actions taken by Israel were considered invalid by the United Nations, which called upon Israel to refrain from taking any action that would alter the status of Jerusalem. Although the international community has not recognized the Israeli annexation of East Jerusalem, Israel continues to exercise authority over the area and considers it an integral part of Israel. The Palestinians insist that East Jerusalem is part of the West Bank as per the pre-1967 borders and that Israel should withdraw from all areas occupied during the 1967 war in accordance with the United Nations resolutions. According to the Declaration of Principles agreed between Israelis and the Palestinians, the issue of Jerusalem is to be decided as part of the final status negotiations.

There are important economic links between the West Bank, Gaza Strip, and Jerusalem. Decisions concerning Jerusalem would, therefore, have important implications for the Occupied Territories future economic prospects and priorities. The following are among the most important of these links:

- The tourist potential of the West Bank is critically dependent on access to the ancient religious sites in Jerusalem.
- Major north-south transportation links in the West Bank pass through Jerusalem.
- The only tertiary care hospital, and some of the best secondary care hospitals, available to the West Bank population are located in East Jerusalem.
- East Jerusalem houses many Palestinian financial services and marketing facilities and much Palestinian social and cultural infrastructure.
- Qalandia airport, a potential outlet for linking the West Bank with regional airports, is within annexed Jerusalem.
- Parts of East Jerusalem are an integral part of the power network that covers the area from Ramallah to Bethlehem.

Since the question of Jerusalem is essentially a political matter, this report takes no position on this issue. While analyzing Jerusalem's economic ties to the Occupied Territories, this report has endeavored to avoid making any recommendations that might imply prejudging the status of Jerusalem.

**(e) Operations and Maintenance Support in Gaza and the West Bank:** in view of the precarious water resources situation in Gaza and the West Bank, the services of consultants or staff from a large and competent international water utility will be provided over a two-year period to assist seven municipal water departments in Gaza and the West Bank to implement urgently needed improvements in O&M practices. Provision is included for short-term assistance, including an evaluation of O&M performance of the desalination pilot plant in Deir El Balah. A twinning arrangement may be possible. Given its relative size, it is recommended that the Gaza city municipality be responsible for local implementation in Gaza. The estimated cost of this activity is US\$1.2 million over a two-year period. UNDP has received a grant of US\$1 million from Norway for this purpose and is likely to cover the balance from its own funds. This TA activity complements the Gaza groundwater monitoring program described in para. 2.14 (c).

**(f) Institutional Study for Creation of a Gaza Water & Sewerage Authority:** an institutional/organizational study to create a combined water and sewerage authority for Gaza leading to more efficient and sustainable water and sewerage services in the Gaza Strip. The study would be carried out in close cooperation with local municipalities. Regulatory arrangements for setting public utility prices would be assessed in the joint institutional and regulatory study for power, telecommunications and postal services (see para. 2.7, item d) and the lessons of that study would be utilized in the water sector. The estimated cost is US\$255,000 and it is expected to be covered by the TATF.

**(g) Water Resources Management Study:** to assess the present and future water resources available to the OT and current utilization, evaluate alternative strategies for future planned utilization and management of the resources to meet Palestinian objectives, and propose a legal, institutional and regulatory framework appropriate to the selected alternative arrangements. Although completion of this study would depend on the establishment of the Palestinian Water Authority and the outcome of bilateral negotiations on water issues, funding from CIDA and UNDP has been agreed and the study began in the first quarter of 1994. An estimated 80 man-months of consulting services are projected at a cost of US\$680,000.

## **Phase Two Activities**

**(h) Needs Analysis and Training Program Implementation:** an immediate short review to identify staffing deficiencies (severely constrained in past years) and training needs and a program to address them in light of the expected institutional reorganization of the sector. The needs assessment would take two to three months at an estimated cost of US\$140,000 and would define a detailed training program to be implemented over the following two years for existing and new staff, nominally estimated to cost US\$1.5 million, that would establish a national water sector training program. Funding for this activity may be provided by the European Union or USAID, as well as the TATF.

**(i) Water and Sewerage Utilities Study:** to examine institutional arrangements throughout the West Bank, identify alternative organizational arrangements and examine the advantages and disadvantages of a limited number of regional utilities to replace the numerous small municipal water departments. The estimated cost is US\$260,000. Based on their experience with several utilities in the West Bank, this study is expected to be carried out by the GTZ of Germany.

## **Phase Three Activity**

(j) **Study on the Viability of Earth Dams in the Jericho Area:** this study would identify whether earth dams could be used to collect water in the first West Bank area coming under Palestinian self-government; assess their usefulness in terms of providing supplementary water to agriculture or domestic uses; and review the frequency of rainfall in the area to assess the size of the dams and the average cost of water. In those cases where the dams appear technically and economically feasible, rough outline designs would be prepared. The estimated cost is US\$200,000.

## **Other Activities**

(k) **Feasibility Studies for Sewerage and Drainage at Refugee Camps in Gaza and the West Bank:** detailed feasibility studies have been proposed by UNRWA and UNDP for sewerage and drainage facilities in Gaza City, several refugee camps in the Gaza Strip, and five camps in the West Bank. Only the cost of the studies proposed for the Jabalia camp and West Bank camps have been estimated at US\$1.3 million. The cost of the other studies has not been estimated. Project information is being prepared by UNRWA and UNDP. The timing of these studies is undetermined because of the present lack of specific funding commitments to carry them out and concern about the relationship of such potentially expensive physical investments to the regional water supply and sewage systems.

## **Electric Power**

**2.3 Sector Strategy.** The electric power sector is in urgent need of institutional and physical rehabilitation and expansion, as described in paras. 3.96 - 3.113 of Volume I. Serious technical and institutional factors reduce existing electric power supply in Gaza and the West Bank. The strategy in the sector is to make immediate investments, totalling US\$108 million, to improve the physical facilities of the distribution network in Gaza and the West Bank. This investment will increase both the amount and quality of electricity supply in the next two to three years and make it possible to reduce technical losses and electricity theft (nontechnical losses), which together may be as high as 50 percent of generated electricity in some areas.

**2.4** Making these improvements will only be fully effective and sustainable if parallel steps are taken to improve the institutional framework, i.e., the organizational structure, management, staff and operational and financial systems of the various electricity undertakings in both regions. Many essential management and operational functions required for efficient and safe utility operations do not exist, given the relatively small size of the organizational units, particularly in Gaza. Staff lack practical experience, particularly in operations and maintenance practices. The municipalities do not have the management capability to effectively implement the relatively large power investments envisaged under the EAP without additional support. A program of institutional consolidation and strengthening is planned to improve the efficiency of utility operation and maintenance. The objective of consolidating individual electric operations is to reduce management overheads, encourage more professional management, and to avoid the inefficient and uneconomic replication of the small individualized billing and revenue collection divisions, warehouses, inventories, etc. Although only initial steps toward more centralized operations appear feasible during the current transition period from Civil Administration control to Palestinian authority, planning for institutional restructuring of the sector is scheduled to begin in 1994.

## **Technical Assistance Priorities**

**2.5** As existing power system capability is at or near full-loading, and given the lead-times to bring new capacity on-line, technical assistance activities are planned to prepare and help implement the short-term investment program, to assess the demand for long-term investments in power generation and distribution and to design an improved regulatory and institutional framework for the sector. The details of the specific TA activities recommended may be found in Annexes EP1-EP2 of the Project File. The objectives and preliminary cost estimates of these activities, which are expected to cost a total of US\$3.3 million, are summarized in the following paragraphs. In addition, the cost of project implementation management (item b) is estimated at US\$4.1 million over a 27-month period. A portion of this cost is expected to be financed under the ERP and a portion from bilateral sources.

### **Phase One Activities**

**(a) Engineering Consultants to Complete Project Preparation:** engage a professional engineering consulting firm to extend the work already completed under contract to the Jerusalem Electricity Distribution Co. (JDECO) to further prepare electric power investment projects for the Gaza Strip and the West Bank. The firm would review the merits of sub-projects proposed by the numerous electric utilities, municipalities, CA and NGOs for inclusion in the EAP; complete any further engineering required to provide a cohesive and integrated program; compile a prioritized list of goods, materials and services; and prepare bid documents so that procurement can proceed as soon as funding has been approved, either under the World Bank project or on a bilateral basis. In addition, the consultants would develop an action plan to reduce technical and non-technical losses, and to correct the power factor and load flow on the network. Because of the urgency involved to complete project preparation, negotiations are expected to begin as soon as the financing of the sectoral investment program in Gaza and the West Bank has been decided. Either PECDAR, or JEDCO on behalf of PECDAR as an interim measure, is expected to contract, possibly on a sole-source basis, so that work can start in early 1994. The cost of this top priority work, including 55 man-months of international engineers and up to 115 man-months of counterpart Palestinian engineers, is estimated at US\$1.3 million (US\$0.5 million for Gaza and US\$0.8 million for the West Bank). Funding is expected to be provided by the TATF or by one or more donors, including Norway and the European Union.

**(b) Project Implementation Management:** retain one or more full-service engineering consulting firms to provide project implementation and construction management services to carry out the Gaza-West Bank power rehabilitation program which is expected to be financed under the ERP. The consulting firm would prepare detailed construction drawings; monitor procurement and inspection services; oversee construction and installation; supervise the commissioning and training of Palestinian counterparts; and institute overall quality control, over a 27-month construction period. Staffing is expected to require 6 expatriate engineers and 12 counterpart Palestinian engineers. The estimated cost of this contract, which should be in place by July 1994, is US\$1.3 million for Gaza and US\$2.8 million for the West Bank, a total of US\$4.1 million.

**(c) Institutional and Regulatory Study for Utilities in the OT:** present institutional arrangements are fragmented primarily along municipal and village lines, unsafe to employees and the public and highly inefficient. A study covering electricity, telecommunications and postal services would evaluate options and recommend proposals, including a detailed implementation plan for consolidating individual electric power operations into more efficient regional units.

Consolidation would provide the basis for improved service at lower costs. Municipality participation from Gaza and the West Bank is planned to carry out the analysis and build consensus for the institutional and policy recommendations in the study. (For details, see the description under the telecommunications sector in para. 2.7, item d.) This activity is expected to be funded by the TATF.

### **Phase Two Activities**

(d) **Management/Staff Training:** improve managerial competence in the power sector through a combination of overseas and local training for managers. Technical and skilled staff require training in fields such as: general management, computer applications, distribution system operations and maintenance, consumer accounting, billing and collection systems, live-line maintenance, load management, energy conservation, thermal plant technology, and modern distribution practices. The estimated cost of this training over two years is US\$1.0 million, based on training 30 staff from Gaza and 120 staff from West Bank utilities. This training is expected to be included in power sector investment projects for Gaza and the West Bank.

(e) **Power System Expansion Study:** this study would consist of two key components:

i) **Distribution Masterplan:** a detailed load forecast for the period 1993-2015 and a master distribution plan for the development of the future distribution system in light of expected economic development following a full peace settlement. The study would include training of Palestinian counterparts in the use of computer models.

ii) **Power Generation/Regional Power Interconnection Study:** building upon the load forecast developed for the distribution master plan, examine all feasible options for supply expansion, including interconnection with Jordan and Egypt, taking care not to duplicate the regional power interconnection study being planned by the Multilateral Working Group of Economic Development. Develop a least-cost power generation/purchase expansion program at the pre-feasibility level of detail. In the near term, the power for Gaza and the West Bank is likely to come from the Israel Electric Corporation (IEC), given the relatively low cost of that source and the high investment and operating costs associated with present alternatives. The full study is expected to cost US\$1.0 million and is expected to be funded by the TATF.

## **Telecommunications**

**2.6 Sector Strategy.** The organization and expansion of telecommunications are crucial to the revitalization of the economy of the Occupied Territories. There is an acute lack of Palestinians experienced and knowledgeable about the operation and maintenance of a complete telecommunications system. The main shortcomings are at the managerial level, in planning and in advanced technical skills. The key, longer-term policy and institutional issues concern the strategy for the future development of a Palestinian telecommunications system, as described in paras. 3.152 - 3.161 of Volume I. The telecommunications sector has considerable potential for private sector involvement through management contracts in the short term and build-own-operate concessions in the medium term. In the short term, the concern is to ensure that the sector continues to be well operated and maintained and that the transition to Palestinian control occurs smoothly. In the medium term, the need is, first, to establish an

institutional and regulatory structure for the future development of the sector and, second, to prepare the investment needed to strengthen the infrastructure of the network and increase the subscribers' network by an additional 57,500 lines by 1996 (approximately doubling present capacity).

### **Technical Assistance Priorities**

2.7 In order to develop the telecommunication sector in Gaza and Jericho, as well as in the rest of the West Bank, on an integrated basis, and to ensure that during the transition period the services provided to the citizenry are maintained and expanded, the following four technical assistance activities are required over the next three years, at a cost of US\$3.2 million.

### **Phase One Activities**

(a) **Bid Document Preparation for New Jericho Exchange:** a modern (digital) and much larger (7,500 lines) exchange will be required to replace the present obsolete exchange and provide adequate telephone service for the Palestinian political and administrative leadership. The exchange itself could be financed under the Emergency Assistance Program (US\$2.5 million). The estimated cost of bid document preparation is US\$15,000.

(b) **Training:** an emergency training program in switching and transmission is needed for Palestinian engineers to take charge of the operations and maintenance of the existing telecommunications network in Gaza and Jericho when authority is transferred to Palestinian self-government, scheduled for April 1994. Palestinians from other operating units in the West Bank would be included in the proposed training. The training would be tailored to the actual systems installed. The estimated cost of the training program is US\$330,000 and should start as early as possible in 1994 to prepare for the transition to Palestinian management. The TATF is expected to finance this activity, although Canada may provide funding on a bilateral basis.

(c) **Management Contract:** once the telecommunications network is transferred to Palestinian authority, an international operator should be contracted to manage the network for a one-year term, renewable for another year, to ensure the continuity of service quality, to train the Palestinian staff and to prepare a new investment program. The negotiation of this contract should begin in early 1994. The estimated cost for this contract is US\$2.0 million over two years.<sup>1</sup> Procurement of this contract would be according to international competitive bidding (ICB). This contract is expected to be financed by the TATF in order to facilitate access to the broadest possible range of international expertise.

(d) **Sector Policy and Organization Study:** to prepare the ground for future sectoral development, the study would address: i) issues of sector policy and the issuing of licenses; ii) an appropriate sector structure and legal/regulatory framework; iii) proper tariff policy aimed at long-term commercial viability; and iv) scenarios for public and private sector involvement in future investment. This study would be part of a single larger study to design the regulatory framework and institutional structure for electric power, telecommunications and postal services.

---

<sup>1/</sup> The cost of this contract might change when information becomes available on the existing revenues and expenditures of the telecommunications operations of the CA.

It should be launched in mid-1994. The estimated cost for the whole study, including an analysis of water tariffs, is US\$850,000.

## **Transportation**

**2.8 Sector Strategy.** The major road transport arteries of the West Bank and the Gaza Strip are severely deteriorated, to the point that they are in need of reconstruction, while at the same time a system is needed for routine road maintenance, as described in paras. 3.1 - 3.19 of Volume I. The priority is to rehabilitate and improve the roads serving the Palestinian community. The most important sectoral objective is to enhance the quality and capacity of the road transport system and align it with the needs of the Palestinian population. Because of rapidly increasing congestion, there is also a need to design and implement traffic management schemes to improve traffic flow and safety in the main urban areas. In the rural areas, there is a need to overcome decades of neglect by providing better access to and between Arab villages. The sector lacks an institutional structure capable of making investment and policy decisions or carrying out the technical and analytical work to plan and manage the transport sector. Building an adequate institutional structure in the form of a highway administration that can plan and design a major road improvement program is a high priority. In the medium term, the Palestinians also need to investigate other transport options including civil aviation and ports.

### **Technical Assistance Priorities**

**2.9** Technical assistance activities are intended to address over the next three years capacity and capability problems and the lack of forward planning. Most urgent is the immediate establishment of administrative capacity in a unit designed to manage the implementation of an emergency program of road maintenance and rehabilitation. A Road Project Implementation Unit (RPIU) would be established, under contract, to manage contractors carrying out a program of road maintenance in Gaza and the West Bank and would be financed under the ERP. Gradually, this unit would evolve into a road administration or highway authority with responsibility for identifying, prioritizing, designing and contracting out the systematic rehabilitation of the main road network, based on an assessment of long-term transport requirements. The unit would ultimately take over the responsibilities in the roads sector of the CA and would function as a small, regional road transport administration. Initially, it would also be expected to plan and design a road rehabilitation program in Gaza. Depending on the outcome of bilateral negotiations, this unit might expand its responsibilities to the maintenance and rehabilitation of the inter-urban roads in the West Bank. Since the road rehabilitation program would be carried out largely by private sector contractors, there is a need to train both contractors and consultants in designing, managing and implementing road maintenance and construction in order to improve the quality of their works and productivity. Finally, there is a need to carry out pre-feasibility and feasibility studies to assess the viability of major medium- to long-term transport projects considered as high priority by local planners.

**2.10** In the absence of existing institutional capacity in the transport sector, TA activities planned to start in the first half of 1994 will be carried out by consultants engaged to prepare a road investment program for 1994, until the RPIU has been established under contract to PEC DAR. The TA activities of the RPIU, which are expected to cost about US\$3.5 million over two years, would be financed as part of the ERP and are summarized in the following paragraphs. The other priority TA activities for the sector, are expected to be carried out somewhat later in the 1994-1996 period, because their interaction



requires agreement in bilateral negotiations. These activities are expected to cost US\$2.8 million. They are summarized below under Phase Two and Other Activities.**Phase One Activities**

(a) **Short-Term Project Preparation:** the establishment of the RPIU may take 3-6 months depending on how quickly the Palestinian interim authorities are able to carry out the steps needed to select and appoint an international consulting firm with local partners. In the meantime, it is proposed that PECDAR engage specialists on pavement rehabilitation to identify inter-urban road works and prepare contract documents for tendering so that physical improvements in the road system can begin as quickly as possible. It is expected to be financed by a World Bank-administered Norwegian Consultant Trust Fund especially earmarked for OT use. It would involve 3-4 international consultants from a consortium of three Norwegian consulting firms working, over a four-month period, with Palestinian firms in the OT. The RPIU would take over this work once it is established and continue the design and supervision of road rehabilitation works. The estimated cost is expected to be US\$0.6 million.

(b) **Road Program Implementation Unit:** the RPIU would be created to facilitate the implementation of the many small municipal road and water supply contracts financed under the ERP during the course of the next three years. The RPIU would provide consultant support to a small road transport administration that would take over the road transport and non-municipal road responsibilities of the CA. This unit would be in charge of all aspects of program implementation and would be expected to gradually develop into a highway authority. The international consultant would provide training, have professional responsibility for the quality of work on projects supervised by the RPIU and would provide practical support on all aspects of the management of consultants and contracts, as well as carry out planning, design and supervision, together with the Palestinian counterparts. This activity is expected to cost US\$2.05 million and would finance both the international consultants and Palestinian counterpart staff for two years. This TA activity and items (c), (d) and (f) below are expected to be financed by the ERP.

(c) **Road Maintenance and Rehabilitation Study:** the RPIU would carry out this study to identify, prioritize and design rehabilitation works on the main road network; and prepare a multi-year program for expenditures on inter-urban roads, based on surveys of road conditions and traffic data; and define a financing plan that includes all sources of funds expected to become available over the next five years. Work to prepare the highest priority sub-projects for immediate implementation would be started under item 'a' by a group of international consultants in joint venture with one or more Palestinian consulting companies. The main study would be carried out under a separate TOR by the RPIU as soon as it is established. Designs should be finalized by the individual consultants during the two first months of work, and the RPIU would take over supervision and continue any adjustments of the design during the rehabilitation of the roads in each contract package. This study would also recommend an optimal institutional structure to i) effectively manage transport sector infrastructure and services; ii) formulate appropriate policies and investment programs; iii) coordinate among all modes of transport; iv) identify the staffing needs of each functional unit; and v) develop training programs for functional staff units. The cost of this component is expected to be US\$800,000.

(d) **Training Program for Small-Scale Road Contractors:** the RPIU would manage a training program for small-scale road contractors to strengthen their quality of works and productivity in road maintenance. This training program would be carried out by the RPIU,

possibly in cooperation with the College of Engineering at An-Najah National University. The cost of this program is estimated at US\$350,000.

(e) **Gaza Port Pre-Feasibility Study:** this study would i) survey the existing port facilities in the region, including those in Israel, Jordan and Egypt, to determine whether these ports could meet the future Palestinian demand, and assess additional commercial port capacities needed by types of traffic and volume; ii) provide traffic projections; iii) ascertain whether the existing inland transport linkages serving the port's hinterland are adequate, and identify and provide cost estimates of the additional land transport requirements of a new port in Gaza; iv) carry out cost estimates for selected alternative designs; v) assess the economic and financial viability of the port facility proposed, including the possibility of starting with a small fishing and commercial port; and vi) assess environmental issues related to port development. The cost of this analysis is estimated at US\$300,000.

### **Phase Two Activities**

(f) **Design of Village Roads:** three or four small consultancies would be awarded to local consultants to design and prepare tender documents for the Village Access Road Program. The roads would be grouped together in three or four contract packages to be tendered among small scale contractors with some, but limited, experience in road works. The RPIU would tender these consultancies, supervise the survey/design and give guidance to the small consulting firms during their supervision of the works. This access road program is intended as a continuing program over five years, of which this program would include two years of support for roads that would be financed under the ERP. The cost of this component is estimated at US\$300,000.

(g) **Long Term Transport Plan:** this study would be comprehensive and would (i) examine all aspects of economic, social and commercial activities in the OT that affect demands on transport systems and the volume and quality of transport services supplied; (ii) review all modes of transport with a special emphasis on the road network; (iii) undertake field studies and develop the data base needed for an overall transport strategy; and (iv) examine the current practices and the legal framework guiding the operations of the transport industries and bus and trucking companies (including their pricing policies, route choices and other service characteristics) and recommend reforms, if deemed necessary. The study would recommend a detailed physical and financial master plan for a period of five years for the transport sector of the OT and an indicative plan for the subsequent five years. This study is expected to take 18 months to carry out and to cost an estimated US\$1.0 million. It is expected to be financed by the TATF.

### **Other Activities**

(h) **Jordan River Bridges Feasibility Study:** a feasibility study would assess the long-term traffic volume on these bridges and recommend investments in the rehabilitation or replacement of said bridges. This study would be carried out subject to the concurrence of all parties concerned including Israel, Jordan and Palestinians. The cost of this study is estimated at US\$100,000.

(i) **Civil Aviation Study of Qalandia Airport:** plans to construct regional airports in a few urban centers in the Gaza Strip and the West Bank are currently being considered. Before

undertaking such long-term investments, a feasibility study should be carried out to determine the economic and financial viabilities of the alternatives proposed. In addition, this study should examine the possibility of developing the Qalandia Airport to enable it to serve international traffic. The future status of Qalandia and the political feasibility of such an arrangement will depend on the outcome of bilateral negotiations. This study would be carried out subject to Israeli concurrence. The cost of this study is estimated at US\$500,000.

(j) **Study on Measures to Improve Movement Between the West Bank and Gaza:** substantially greater movement of people and goods may be expected between Gaza and the West Bank as a result of the transition to self-government and the prospect of peace between Israel and its Arab neighbors. A feasibility study would forecast long-term traffic growth; recommend the most appropriate measures to facilitate the higher volumes of people and goods in transit, taking into account the security interests of all parties; assess the economic and financial viability of the proposed alternatives; and suggest self-financing mechanisms. The right of passage through Israeli territory would be subject to Israeli concurrence. The cost of this study is estimated at US\$300,000.

### **Urban and Municipal Development**

**2.11 Sector Strategy.** Local governments have operated under very difficult circumstances since 1967 with little authority or funding to run their own affairs, as described in paras. 3.120 - 3.125 of Volume I. Little new investment or expansion has taken place. This situation has been compounded since the start of the Intifada in 1987 and is particularly acute in Gaza. Most municipal services are under severe stress; their technical staff are demoralized and few in number; and they lack the funds for the maintenance of public utilities and services, which are their responsibility. Physical assets have deteriorated as a result. The municipalities and village councils have remained frozen in place, with little change in the structure and function of local governments since 1967. Nevertheless, the municipalities contain most of the limited public sector technical contracting expertise in the OT. Also, the framework and systems for maintaining and providing basic municipal services, however inadequate, still exist. All 29 municipalities have proposed programs to carry out deferred maintenance and rehabilitation works on roads, streets and footways, including paving, curbing, street markings and lighting, drainage, etc. In some cases, the necessary replacement of underground services, such as water and sewer mains, is also included in the program. Accordingly, it is possible and necessary to upgrade and expand functional and operational capacity within each municipality to improve services and, concurrently, to utilize this capacity, with planned external support, to implement the Emergency Assistance Program.

#### **Technical Assistance Priorities**

**2.12** The EAP provides an opportunity to reactivate municipal services and harness the potential of existing municipal managements and service units to commence a planned program for the rehabilitation and maintenance of infrastructure. At the same time, there is a need to rationalize the responsibility for, and consolidate the delivery of, some major public utility services which have historically been delivered on a small-scale basis, in order to take advantage of economics of scale, efficiency and cost effectiveness. The municipalities require a combination of short- and long-term assistance to help them cope with the sudden burst of contracts that they must manage. In the short term, training will not quickly replace the shortage of skilled technical staff capable of preparing and implementing the volume of works envisioned. There is an urgent need to establish a planning and managerial process which responds respectively to

the needs and priorities of the citizens, strengthens the capacity of municipalities to efficiently design and deliver services and improves the efficiency of the urban system. Finally, there is a need to resolve the traffic congestion in and around several highly congested towns in the West Bank and Gaza. During the next three years, four technical assistance activities are proposed, at a total cost of US\$3.3 million. In addition, municipalities would be the prime beneficiaries of the training programs proposed in the water sector and in other sectors (see para. 2.2, item h). Municipality engineers were the participants in the first procurement seminar designed and delivered by the World Bank and the ILO in late January 1994, and are expected to be among the principal beneficiaries of further training in international procurement, project analysis and project management to be provided later in the year. Finally, project implementation assistance with municipality-managed urban road and water projects would cost an additional US\$2.1 million.

### **Phase One Activities**

(a) **Design and Implementation Consultants for Municipalities:** under the transport sector, a Road Program Implementation Unit (RPIU) is to be established under contract to PEC DAR. This unit would also supervise the execution of numerous municipal road and water contracts, supply technical assistance to the municipalities to prepare and manage these projects, and train the technical staff of the municipalities to carry out these works in the future. To complement the work of the RPIU, this component of the TA program would provide funds to enable various municipality departments (e.g., water, power, solid waste, roads, planning, etc.) to engage short-term consultants to help them review, plan and design projects, to carry out feasibility studies, or otherwise complete the preparation of the many municipal projects in the data base of project proposals which was prepared by the Palestinian Counterpart Team in October-November 1993. These TA funds would initially provide about 200 man-months annually of support to the municipalities over the two-year period, although this amount might be increased if this type of support proves successful. Municipalities could select consultants from a pre-qualified list of some 15-20 consulting firms, subject to a prior review of the proposed contract by the RPIU. The cost of this component is estimated to be US\$400,000 each year for two years, a total of US\$0.8 million. Funding would be provided by the TATF unless there are bilateral funds available.

(b) **Short-Term Specialist Consultants for Municipalities:** given the scarcity of technically skilled persons in local governments, there is also expected to be a need for short-term infusions of key staff in line positions at municipalities, to relieve acute skills shortages and improve in-house performance capacity for the preparation and implementation of numerous civil works contracts. Staff to be recruited might include engineers, surveyors, draftsman, works supervisors, etc. in the roads, water, solid waste, power and planning departments, on relatively short-term contracts (three-six months each). Recruitment would be by advertisement, based on agreed selection criteria and subject to post approval by PEC DAR and its Project Management or Technical Assistance Office. Some 350 man-months annually have been budgeted, with a total estimated cost of US\$0.7 million over a two-year period.

(c) **Urban Development, Planning and Management:** there is an urgent need to establish a planning and managerial process which responds respectively to the needs and priorities of the citizens, strengthens the capacity of municipalities to efficiently deliver services and improves the efficiency of the urban system. Accordingly, this study will evaluate the options for and then establish such a process. This study will be in two representative urban areas, one each in Gaza

and the West Bank. In Gaza, the area selected includes Gaza City, Beit Lahia, Jabalia, Beit Hanoun and Jabalia Camp. In the West Bank, the area includes Ei Bireh, Ramallah, Beitunia, Betien, Kufr Aqab and the existing refugee camps. Lessons learned from these pilot studies would later be evaluated and the process, suitably modified, would then be replicated on a phase basis on a national scale. The study would include the following components: i) evaluation of priority land and infrastructure needs over the next 5-10 years; ii) assessment of the legal, financial and institutional constraints on meeting these needs, and the efficient options; iii) evaluation of the capacity of municipalities to effectively plan, finance, manage and maintain infrastructure and social services; iv) options for increasing private sector participation in service delivery; v) recommendations for efficient options; and vi) development of mechanisms to ensure community participation so that community needs and priorities are adequately reflected in municipal decision-making and resource allocation. Draft terms of reference are currently being prepared by PEC DAR. The outputs would be: i) a municipal infrastructure and land use plan, including arrangements for integrating the camps into the urban areas; ii) a municipal budget and financial plan; iii) a municipal institutional development plan; iv) recommendations for the siting of industrial estates in the planning area; and v) recommendations as inputs to the work on legal and regulatory reform. In each case, the mechanisms and processes for plan revision and updating to respond to changing circumstances, needs and priorities, would be specified as part of the plan. It is expected that the study will require twelve man-years of Palestinian experts and two man-years of international experts in fields such as urban planning, municipal finance, municipal and traffic engineering, economics, sociology and law. The estimated cost, including the purchase of aerial maps and computer equipment, is US\$0.8 million. Norway and USAID have expressed interest in supporting the development of a regional master plan for Gaza. This TA activity would be closely coordinated with other such interventions to avoid duplication and to benefit from potential synergies.

## **Phase Two Activity**

(d) **Municipality Traffic Management Studies:** the congestion on the major road arteries of the major towns in the West Bank and Gaza has had a serious negative impact on efficient road transport, public safety and air pollution. Traffic management studies are planned for highly congested urban areas such as Gaza City, Ramallah-al-Bireh, Bethlehem, Hebron, and Nablus. These studies, which could be carried out as one study, would assess: i) long-term traffic patterns; ii) measures to meet planned growth in demand; and iii) issues of economic and financial viability, including self-financing and the cost of alternatives. The RPIU would monitor preparation of these studies with the respective municipalities. These four studies are expected to cost about US\$1.0 million.

## **Environment**

**2.13 Sector Strategy.** The sectoral strategy in the environment over the next three years would focus on curative measures to correct existing problems - particularly regarding solid and hazardous wastes, wastewater and the pollution of water resources - and on preventive measures to avoid future problems from occurring, as described in paras. 3.272 - 3.280 of Volume I. Successful economic recovery in the Occupied Territories will require the effective integration of environmental management issues into the development planning process. In January 1994, the Palestinian Environmental Protection Authority (PEPA) was established. Local organizations that have been concerned with the environment to date have

been universities, research institutes and NGOs. Over the next three years, the strategy would focus on the development of PEPA to manage the environment, the formulation of sectoral policies combining conservation and growth, and the preparation of practical plans that would allow the interim self-government to effectively integrate environmental issues into overall economic management. Emphasis would be given to the creation of capacity within this organization to effectively participate in the planning and implementation of economic development programs for the Occupied Territories. Support for monitoring systems and analytical capacity in the PEPA would be designed to complement investment programs being undertaken in water, wastewater and solid waste management to improve environmental health conditions.

### **Technical Assistance Priorities**

2.14 The Technical Assistance program would support, as priority actions, the preparation of an environmental action plan, environmental assessment procedures and environmental standards for use by the interim self government, and the development of the PEPA. Now that the PEPA has been formally established, it would coordinate environmental issues in consultation with PECDAR. The details of the specific Phase One TA activities proposed may be found in Annexes EN1-EN4 in Project File. The objectives and preliminary cost estimates of TA activities in this sector, which are expected to cost a total of US\$3.7 million over the next three years, are summarized in the following paragraphs. In addition, an estimated US\$4 million will be needed in equipment and technical assistance to implement the Gaza groundwater monitoring plan and environmental standards, monitoring and other facilities. Implementation assistance is expected to be financed under the Bank project or directly on a bilateral basis as part of the EAP. Donors, including Austria, Canada, Denmark, the Netherlands and Norway, have already made commitments to fund several of these activities on a bilateral basis and have expressed interest in funding others.

### **Phase One Activities**

(a) **Environmental Assessment Procedures:** preparation of environmental assessment procedures for use by Palestinian authorities in Gaza and the West Bank. These procedures are needed to establish an operational structure for local environmental review of the potential physical, biological and socio-economic impact of proposed projects and, thus, build environmental concerns directly into the development planning and implementation process. The activity would be implemented by the PEPA, now that it is officially established, and it would assume responsibility for its management. It is estimated that the activity would cost US\$100,000 and would be financed by the TATF.

(b) **Environmental Management Framework:** development of the PEPA, as an independent environmental organization to establish an environmental management capacity in Gaza and the West Bank. It would cover preparation of an institutional structure; basic environmental policies and guidelines; general operating procedures; a preliminary work program; an environmental permitting, regulatory and enforcement structure; guidelines on environmental liability; a budgetary and accounting system; a coordination mechanism with municipal governments and other organizations involved with environmental protection; and training in administration and technical topics for designated personnel. This activity would be complemented by some of the activities being carried out under the auspices of the Multi-Lateral Working Group on the Environment, such as the Dutch-funded project to create an environmental profile for Gaza. This activity could be carried out by one or more established national environmental agencies

through a twinning arrangement with the new PEPA. It is estimated that the cost of this activity, including technical training for government officials and private sector representatives, including NGOs, permitting, enforcement, and industrial pollution control, in such subjects as environmental policy, legislation and regulation, and land use planning would be US\$500,000.

(c) **Groundwater Management Plan and Monitoring System for Gaza:** design and establishment of a management plan and a proper monitoring system to allow sustained use of the limited water resources in Gaza and to provide decision makers and planners with routine information on trends in water usage and the state of the aquifer in order to support resource management. It is estimated that the design phase of the activity would cost US\$300,000. It is expected to be carried out as part of a UNDP/CIDA-funded water resources management study which began in early 1994. The implementation phase is expected to cost about US\$2.0 million (largely for equipment and associated TA) and to be carried out in 1995. It could be funded under the ERP, by the UNDP/CIDA project, or by the government of Norway.

(d) **Design of Standards and Monitoring System:** the development of environmental standards, an environmental monitoring system, procedures for laboratory analysis and data management systems as an integrated process. The activity would be conducted in two parts: (i) the design of the system, which would be included in the TA program; and (ii) the implementation of the system, which could be supported by one or more donors directly. Alternatively, this activity could be carried out from the outset by involving an established national environmental agency in design and implementation, through a twinning arrangement with the new PEPA, providing that environmental standards appropriate to Palestinian conditions could be assured. It is estimated that the design phase of the activity would cost US\$300,000 and that the implementation phase could cost about US\$2.0 million (largely for equipment and associated TA). Norway has expressed interest in considering the funding of this project on a bilateral basis.

## **Phase Two Activities**

(e) **Environmental Action Plan:** preparation of an Environmental Action Plan for the Occupied Territories to provide a strategic framework for long-term environmental management and to establish priority needs for environmental investments, capacity building and applied research. The Environmental Action Plan would include a strategic action plan for both Gaza and the West Bank, developed with significant input from environmental profiles of Gaza and the West Bank. It would benefit from analyses previously prepared by local institutions for the UN Commission on Trade and Development (UNCTAD). An environmental profile for Gaza is currently being prepared with support from the Government of the Netherlands: it is planned that additional Dutch funding would be provided, at the request of the Palestinians, to prepare the West Bank environmental profile and a strategic action plan for the OT once the Gaza profile has been completed. An important aspect of this process is the cooperative identification and implementation of selected actions to support institutional development of the PEPA and formulation of its work program. It is estimated that the proposed activity would cost US\$700,000.

(f) **Environmental Education and Public Awareness:** high priority should be given to environmental education and public awareness activities if environmental conditions are to be

improved in Gaza and the West Bank. This is especially important in terms of changing attitudes at the community and individual level towards sanitation, waste disposal and the use of pesticides. There should be support for activities to be conducted by the Government, educational institutions, research institutes and NGOs, covering not only environmental management but special programs in agriculture, water, wastewater and solid waste management. Special programs should be targeted at women who play a central role in education and household management. This series of activities should be coordinated to form a comprehensive program and avoid duplication. It is estimated that the proposed activity, including the preparation of multimedia public information materials, would cost US\$500,000.

### **Phase Three Activity**

(g) **Natural Resources Management Study:** this study would review what could be done to reduce environmental degradation and how such reduction could be achieved. The study would review: i) reforestation, erosion control and other measures to enhance water infiltration efficiency, including the utilization and management of marginal lands, and assess what constraints currently prevent rational steps to land utilization; ii) policy options concerning alternative management systems for grazing land and the use of marginal lands; iii) an assessment of what areas are involved and their current status, including their agricultural potential and grazing holding capacity; and iv) an assessment of the regulatory framework pertaining to these lands and the administrative and regulatory aspects of policy options. The estimated cost is US\$400,000.

### **Other Activities**

(h) **Coastal Zone Management Plan:** the plan would evaluate alternatives for the development and redevelopment of the Mediterranean coast of Gaza. It would include the preparation of a coastal land use plan and provision of recommendations for the control of land use in this fragile area, as well as design of an oil spill contingency plan since Gaza lies just off the main tanker route through the Suez Canal. The plan would be developed in the context of the Mediterranean Action Plan (MAP) and Environmental Program for the Mediterranean. This activity is presently under review for funding by a number of donor organizations as an element of a regional plan for coastal zone management. It is estimated that the proposed activity would cost US\$400,000. It could be funded as an activity of the Mediterranean Environmental Technical Assistance Program - Phase II (METAP II).

(i) **Environmental Information Center:** an Environmental Information Center would be established, under the authority of PEPA, to provide access to government and public organizations concerned with environmental data and information. It would also serve as the repository for all environmental monitoring data and would publish data annually regarding environmental trends. Design of the center would avoid overlap with the recently established Palestinian Bureau of Statistics. The Government of Austria has agreed to provide funding. It is estimated that this activity would cost US\$500,000.



## **Solid Waste**

**2.15 Sector Strategy.** There is an urgent need for a major physical cleanup, together with significant institutional development and physical investment in the solid waste sector in the OT, as described in paras. 3.72 - 3.79 of Volume I. The objectives of the EAP in the area of solid waste are to:

- **improve public health and community living conditions by providing adequate solid waste collection services;**
- **minimize the cost of solid waste collection services by selecting the most cost-effective collection, transport, and disposal systems;**
- **optimize the potential for economies-of-scale and minimize transport costs by the implementation of strategically selected transfer and disposal sites;**
- **protect sensitive groundwater regimes through the implementation of environmentally selected sites for sanitary landfills and following protective designs standards; and**
- **reduce clandestine dumping and increase community participation.**

In order to meet these objectives, the EAP will provide refuse collection equipment, transfer and landfill equipment, spare parts, workshop equipment, training for drivers and mechanics, 13 sanitary landfills and 13 transfer stations. However, in most cases, the sites for these landfills and transfer stations have not yet been secured, thus leading to the prospect of potentially serious delays in implementation. In parallel with the improvement of collection services and disposal sites, there will be a major clean-up effort and public education campaign. The governments of Denmark, Germany and the Netherlands, and the European Union are funding physical investments in the solid waste sector in Gaza.

### **Technical Assistance Priorities**

**2.16** Technical assistance is required primarily to facilitate implementation of the solid waste projects included under the EAP: i) design projects to be financed in the medium-term; ii) design and conduct a public education campaign to support the improvement of waste collection service and a major clean-up effort; iii) design a legal and regulatory framework for the sector; and iv) conduct a resource recovery and composting study. Specific TA activities are summarized in the following paragraphs. The estimated cost of these TA activities is US\$4.4 million. Details of Phase One activities (terms of reference, staffing inputs and outputs) are included in Annexes SW1 - SW2 in the Project File.

### **Phase One Activities**

- (a) **Complete Documentation for Priority Projects:** the technical assistance effort of the highest priority is to translate into English the existing designs for four landfills (Ramallah, Hebron, Jenin and Qalqilya) and one transfer station in Jenin and to prepare environmental reports on them; these projects are otherwise ready to be implemented. A problem with land acquisition may delay implementation of the landfill in Ramallah. The estimated cost for this work is US\$85,000.

**(b) Development of a Planning Baseline and One City Master Plan:** this study would develop a planning data base for solid waste investment and management and would prepare one municipal solid waste master plan as a model for other such plans in Gaza and the West Bank. The study will include a survey of residents for behavioral patterns, socioeconomic conditions, public awareness about solid waste management, the level of potential participation with the solid waste collection and recycling systems, and the ability and willingness to pay to cover costs. Data collection on waste quantities, current worker and vehicle norms and waste composition (including special and hazardous wastes) are to be part of the study. The overall needs for equipment and facilities would be globally assessed for Gaza and the West Bank. Upon completion of the first phase of the study, specific collection, transport and disposal options would be studied for the purpose of developing the master plan in either Gaza or the West Bank. The contract is expected to be awarded to a joint venture that utilizes local consultants and university staff with civil/sanitary engineering experience. The estimated cost of this contract is US\$690,000. Bir Zeit University has requested funding from the Dutch Government for a waste composition study.

**(c) Project Management and Implementation Support:** under a management services contract with PEC DAR, two international solid waste advisors would be engaged for a three-year period, one each for Gaza and the West Bank. They would supervise implementation activities, provide technical assistance, and give on-the-job training to two assistant advisors hired locally. Together they would compile technical specifications for equipment that is to be procured locally and from abroad. This contract is essential to supervise the design and implementation of the solid waste projects to be financed through the EAP under the aegis of PEC DAR. Advisors under this contract should be in place by mid-year. The estimated cost of this contract is US\$1.5 million over two years.

### **Phase Two Activity**

**(d) Study of Institutional, Financial and Privatization Arrangements:** the study would examine possible institutional, financial and privatization arrangements to enhance efficiency, accountability and sustainability of solid waste services being provided by the municipalities. The contract is expected to be awarded to a joint venture that utilizes legal, management, accounting, finance and solid waste specialists with substantial experience in the Middle East region. The estimated cost of this contract is US\$510,000. This contract should be awarded in 1995 once the results of the institutional study covering electric power, telecommunications and postal services have been completed.

### **Phase Three Activity**

**(e) Recycling, Resource Recovery and Composting Study:** This study would assess the potential market demand for recyclables (i.e., paper, plastic, metal) and recovered resources (i.e., compost) from wastes. The overall study is not expected to proceed before 1996. However, since an estimated 60% of solid waste is now organic matter, substantial savings could accrue from composting, and that component of the study might be carried out earlier. The cost of the overall study is estimated at about US\$220,000.

## **Other Activities**

(f) **Design of Landfills and Transfer Stations:** beyond the five landfills and transfer stations now being designed in the West Bank, final sizing, design, environmental reports, bills of quantities and tender documents are to be prepared for a further 9 sanitary landfills and 12 transfer stations in Gaza and the West Bank. The designers will need to have experience in meeting internationally acceptable construction and environmental standards for transfer stations and landfills. One contract is expected to be awarded to a joint venture that utilizes and provides on-the-job training to a local Palestinian design firm during the contract period. The contract would include the training of local government personnel for the operations and maintenance requirements of the designed facilities. The estimated cost of this contract would be US\$2.0 million. A less costly alternative would be to support the design of only four regional landfills and five transfer stations in Gaza and the West Bank that could serve as models for the design of others. Such a contract would cost US\$1.0 million. Implementation of this contract is undecided because land for all but one of the proposed sites has yet to be secured. Design work should not commence until the respective sites have been acquired through purchase or long-term lease. Donor funding for this design and implementation work is possible. For example, the German government has expressed possible interest in implementing the sanitary landfills in Gaza under the umbrella of the EAP.

(g) Two other activities in the solid waste sector have been proposed. The first is a **Special Waste Study** to assess the collection, disposal and regulatory requirements for the adequate management of special wastes (i.e., hospital, slaughterhouse, pumped septate and hazardous wastes). With the exception of pumped septate, which can be handled for the time being by the purchase of an adequate fleet of tanker trucks, such wastes are not substantial and could be handled for the time being by continued disposal in landfills. The estimated cost of this study is US\$390,000. The second is a **Public Education Campaign** to support those local government units wishing to conduct a campaign to reduce solid waste pollution. Support for this important program has been suggested by several local and international NGOs/PVOs and funding has been included among the TA activities in the environment sector. This campaign should be coordinated with the major clean-up effort that is to take place supported by the EAP beginning in 1994.

## **Education**

**2.17 Sector Strategy.** The success of the Palestinian economy in achieving prosperity for its people will depend primarily on its ability to compete in the world economy. In order to build on the competitive advantages provided by its relatively low wages and its proximity to major international markets, it will have to develop a high quality, flexible labor force, prepared to respond rapidly to new needs. This implies a shift in emphasis within the formal education system from the mastery of a craft or profession to preparedness for acquiring new skills. Rather than transferring knowledge to the young, the educational system needs to develop a capacity for life-long learning, including self-instruction and rapid mastery of the skills required by new technologies and new products. These aims require an education system that stresses not only a thorough grasp of basic principles of science and mathematics, and excellent communications skills, but also a persistent curiosity and a relentless drive to improve products and methods. A system designed to instill factual and fragmented knowledge must develop critical thinking and problem-solving skills. The system must overcome these problems: i) traditional

cultural constraints on girls' access to education, especially at the secondary level; ii) low quality standards, stemming from low quality and outmoded curricula and uncreative teaching methods; and iii) an uneven and under-developed system for developing high quality vocational and technical skills.

**2.18** Achieving the above objectives will require a serious review of the content and instructional strategies being used by the basic education system and the development and implementation of a detailed set of reforms, covering the presentation of specific topics and the development of specific skills (a "curricular framework"). New teaching materials will then need to be either purchased or developed. Teachers must be trained in the use of these materials and assessment instruments must be developed that both evaluate success in achieving curricular goals and direct the efforts of teachers and administrators. In addition, the offering of elective programs and courses will need to be modified in order to direct students into areas of study with significant job potential. This process will require at least five to seven years to complete. The TA program provides an opportunity to establish a sound planning base and to initiate this long-term process of curricular and pedagogic reforms, while supporting the imminent transfer of authority for education throughout the OT from Israel to the Palestinians.

**2.19** The sector strategy over the next three years aims at five objectives:

- to sustain the current system in the short run, but improve the management of the system to enhance its financial sustainability;
- to create the institutional framework required to transfer authority for education to Palestinian administration, integrate operational systems and procedures between the schools managed by UNRWA and the Civil Administration, and develop coherent policies within the sector, particularly between vocational, technical and higher education;
- to launch a multi-pronged program to raise quality in all parts of the system. This program will focus on: i) improving the curriculum; ii) redefining and raising the standards of exit examinations; iii) increasing content knowledge and performance standards for teachers; iv) strengthening the link between vocational training and employment through such mechanisms as tracer studies of graduates; and v) upgrading physical plants and equipment;
- to correct the current imbalance between university education and vocational training. The strategy will be first, to redirect resources to the vocational-technical system, while slowing the rate of expansion in the university system. and second to shift university enrollments from the humanities to fields with better job prospects; and
- where possible, to strengthen links between schools and the communities. This initiative will strengthen public involvement in education and help re-establish communities by encouraging the use of schools as centers of social activity.

### **Technical Assistance Priorities**

**2.20** The TA program in the education sector includes activities to support the development of institutions critical to the eventual integration of the parallel educational establishments managed by the Civil Administration and UNRWA, and to begin the planning and design of long-term curricular, pedagogic, and assessment reforms. Identifying one or more implementing agencies for the sector

remains a prerequisite to initiating any TA activities. The Higher Council for Education (HCE) focuses exclusively on the university level and would not appear suitable as presently constituted. For this reason, the establishment of a proposed Pedagogic Institute is considered a crucial milestone in sectoral TA activities. Decisions also need to be made concerning the participation of external specialist bodies, such as UNESCO, UNICEF and the ILO. Under the aegis of the Palestinian Bureau of Statistics, the TA program includes measures to collect and analyze the educational statistics necessary for planning long-term investments in physical facilities, curriculum materials and teacher training. Under the program to strengthen public administration, training in financial management for administrators of educational institutions will be offered to better assure the financial sustainability of the educational system as a whole. The details, objectives and preliminary cost estimates of the five specific TA activities recommended for the education sector, which are expected to cost a total of US\$3.4 million over the next three years, are summarized in the following paragraphs. In addition, the cost of consultants to prepare project investments is estimated at US\$1.2 million and is to be financed by the ERP.

### **Phase One Activities**

(a) **School Mapping Study:** this study will consist of: i) preparing an inventory of all existing school facilities; ii) drafting maps showing the locations of schools and indications of population densities and the locations of important community facilities; iii) plotting on the map the residential catchment area of each school, and iv) defining areas which are under-served or where facilities are redundant in order to plan new long-term investments in educational facilities and to rationalize the geographic distribution of schools. This activity would build on earlier work by UNDP in 1991. UNESCO has expressed an interest to carry out a joint mission with UNRWA to prepare a cost estimate for this study, which is expected to cost about US\$180,000. This study would precede the investment in new school facilities in the sector to be financed under the EAP.

(b) **Identifying Organizational Options for a Palestinian Education Authority:** under the Declaration of Principles, the Palestinian interim self-governing authority are supposed to assume responsibility for government schools throughout the OT. It may also assume responsibility for UNRWA schools at such a time as an agreement to that end is negotiated. This technical assistance activity would assist the new Palestinian education authorities to prepare for the assumption of responsibility for the sector. The project has three main objectives: i) to create an institutional setting in which a broad-based consensus about educational policy can be developed; ii) to organize structures and appropriate mechanisms for internal governance and for operational decision-making in the sector; and iii) to identify needs for and provide training required to implement these policies, systems and procedures. As a first step, this activity will focus on carrying out a study of organizational options for the sector. Follow-on work would be decided thereafter. The total cost is estimated to be about US\$200,000. Although this study is expected to be funded by the TATF, UNESCO has offered US\$200,000 and to seek an additional US\$0.2 million from donors in order to carry out the study with Palestinian counterparts.

(c) **Pre-Feasibility Study for a Remedial Education Program for Children:** this activity aims at four objectives: i) to assess the magnitude of the learning deficits resulting from interruptions of schooling during the *intifada*; ii) to identify those who were most affected; iii) to determine which knowledge and skills were sacrificed most; and iv) to identify the most cost-

effective options for rectifying these losses for both those still in primary or secondary school and for those who have left school. This study is expected to cost about US\$50,000. UNESCO has proposed that the study be funded and executed jointly with UNICEF.

## **Phase Two Activities**

**(d) Creating a Pedagogic Institute and Curricular Framework:** the school curricula of the Gaza Strip and West Bank have been borrowed from neighboring Egypt and Jordan, respectively. In addition to neglecting the history and culture of the Palestinian people, these two curricula do not achieve the proficiency in high level thinking and problem-solving that are required by modern, highly competitive economies. This TA activity seeks to establish, develop and sustain an institution that will design i) an updated, unified curricular framework; ii) instruments for assessing the learning being pursued under the revised curriculum; iii) credentialling examinations for teachers; and iv) a program of in-service training for teachers, administrators, and school inspectors. These functions are being placed in a single institute in order to ensure their alignment with one another. The institute is expected to draw heavily on packages of teaching materials from abroad in order to upgrade the teaching and learning situation rapidly and inexpensively. This activity will provide international technical consultants, study tours and opportunities to shop internationally for high quality student and teacher curricula, and associated examinations. The cost of this activity is estimated to be about US\$2.25 million over three years. UNESCO has expressed interest to participate in this activity and has mobilized partial funding from its own resources and from the Government of Italy. This activity could be financed in all or in part by the TATF.

**(e) Task Force for Vocational Education:** support will be provided for a task force to promote vocational/technical education. The task force would develop a new vocational education curriculum for students and create a curriculum for vocational instructors. The activity will identify training needs of the current teaching force and initiate a program of teacher retraining. The work of the task force will be supported by a tracer study that will i) measure the relationships between fields of training, institution of training, and labor market outcomes; and ii) enable members of the task force to meet formally with each institution's management and faculty to discuss in detail the overall results of the study and the results for that specific institution. The cost of this project is estimated to be about US\$750,000. UNESCO has expressed interest in participating in this activity jointly with the International Labor Organization (ILO) and may be able to mobilize some funds for this purpose.

## **Health**

**2.21 Sector Strategy.** The health sector is characterized by duplication, over-reliance on high technology, uneconomic facilities, under-utilization of equipment and skills, and high costs. After 25 years of control from without, the health sector is in urgent need of a clear policy orientation, institutional reform and some physical rehabilitation and expansion of facilities, as described in paras. 3.182-3.196 of Volume I.

**2.22** A major challenge facing the Palestinian authorities will be to create an affordable, coherent, unified program of health care from the UNRWA and CA public health systems. The proportion of national resources currently being committed to health care is already high by international standards,

amounting to about 10 percent of GDP, even though the capital costs of most health care programs have been met in the past largely from foreign grants and private donations. The projected operating costs of the programs that have been proposed under a draft national health plan, prepared by the Red Crescent Society and the Palestinian Health Council, would consume about 10 percent of projected GDP; the amortization costs of the structures and equipment required to provide those services would require an additional 5 to 7 percent of GDP. Responding to the needs and demands of the Palestinian people for health care will require very well-disciplined initiatives if the program is to be affordable. This implies emphasizing primary health care and limiting the use of experimental, highly sophisticated technologies.

2.23 Since a very large (and probably unsustainable) fraction of GDP is already being committed to the health sector, future policies must focus on increasing the internal efficiency of the health sector and on controlling the overall costs of health care, rather than on expanding the system, particularly at the hospital level. Before major investments are undertaken, a formal assessment of the cost-effectiveness and sustainability of the activity should be carried out. A debate over the sort of health care that the Palestinian community wants and needs has already been launched, but participation in that debate should be deepened and widened. Regional health plans should be prepared to guide the location of major health facilities, as soon as a broad consensus on sectoral objectives can be achieved. Those plans should in particular guide the construction of hospitals and the acquisition of costly technology. An equitable and efficient mechanism for financing health care should also be developed. A responsible central authority should be empowered to develop a coherent health policy and to coordinate activities in the sector. As in the case of education, a decision will need to be made on the appropriate local implementing agencies to carry out each TA activity and suitable external specialist agencies to participate in this work. The World Health Organization (WHO) has expressed an interest to implement all TA activities in the health sector.

### **Technical Assistance Priorities**

2.24 Over the next three years, TA activities are intended to assist with the development of effective sectoral institutions, the promotion of sound and effective practices within the health bureaucracy, and the preservation of a pluralistic and accountable health care system, as well as ensure the credibility and sustainability of health care institutions. Specific activities are proposed to assist the incoming Palestinian authorities design future policies that focus primarily on increasing the internal efficiency of the health sector and controlling the overall costs of health care, rather than on expanding the system, particularly at the hospital level. A sound policy environment will have to be created in order to address the weaknesses in the Palestinian health care system that have been produced by the dispersion of responsibility for the sector. Three specific TA activities recommended for the health sector, at a total estimated cost of US\$3 million, are summarized in the following paragraphs.

### **Phase One Activities**

(a) **Harmonization of UNRWA and CA Public Health Services:** this activity will assist in the preparation of plans for transferring authority for health care from the Civil Administration and UNRWA to the Palestinian authority. The task initially will require only the creation of a senior administration and corresponding administrative systems to replace the Civil Administration, but as responsibility for the UNRWA health care system is assumed by the Palestinian authorities, it will necessary to harmonize among other things, diagnostic and treatment protocols, procurement methods for drugs and medical supplies, conventions for record keeping, and working conditions. Large differences exist between the per capita costs of health

services provided by these two systems, despite similarities in health outcomes for the two groups. This suggests that efficiencies in the government program could be achieved by adopting some UNRWA practices. In addition, criteria for the introduction of costly technology and the construction of new health facilities should be devised in order to ensure that economies of scale and scope are exploited and reasonable levels of proficiency can be maintained. Particular attention should be devoted to identifying optimal ways of providing care for those conditions that have been managed in the past through referral to Israeli tertiary hospitals; these conditions include the treatment of serious burns and the treatment and management of cancers. These tasks should be initiated as soon as possible in order to smooth the eventual merger of the two institutions. UNRWA, in conjunction with the Palestinian Health Council, should be provided with technical assistance and direct funding to enable it to carry out these studies. The estimated cost of these studies is US\$1.0 million. The TATF is expected to cover the cost of this activity.

(b) **Design and Implementation of a Health Insurance Scheme:** work is under way to define a national health insurance scheme. This scheme should be designed in such a way that the present pluralistic, competitive health care system remains largely intact. It should also ensure that the costs of a basic, but nonetheless comprehensive, package of health care are fully met for all citizens. Additional technical assistance is needed to further evaluate the costs and the policy issues posed by the options already presented and to design systems and procedures for implementing the scheme before it is finalized. In addition, systems for the accreditation of professional staff and the certification of both equipment and drugs should be established. Particular attention should be focused on controlling the introduction of costly technologies that have not been demonstrated to produce health benefits commensurate with their costs. All of this work needs to be carried out in a manner that leads to the adoption of an affordable, sustainable and comprehensive health insurance program. This work has been carried out in the past by the Palestinian Planning and Research Center, which has reported to the Palestinian Health Council since the latter's founding in 1993. Design of this health insurance scheme is estimated to cost US\$1.25 million. This activity is expected to be part of USAID's US\$20 million health project in Gaza.

## **Phase Two Activity**

(c) **Institutional and Regulatory Framework for the Sector:** development of the policy and regulatory framework for the sector and design of systems and procedures to implement the policies that are chosen. The Gaza Strip and West Bank have developed pluralistic health care systems. Many of the voluntary organizations provide high quality services, but competition among them has led to over-building and under-utilization of facilities. In addition, some voluntary organizations have invested excessively in high technology equipment. In order to increase the affordability and quality of health care, these institutions need to be brought under the guidance of a central authority. This study is expected to elaborate and evaluate the options, and to assist government in drafting the rules, regulations and procedures to implement the option selected. This assistance is estimated to cost US\$0.75 million. It is expected to be funded by the TATF.



## **Economic Management**

**2.25 Assistance Strategy.** The complex task of organizing and guiding the reconstruction and economic development of the Occupied Territories after the transfer of self-governing power to Palestinians, and the management of the assistance pledged by the international community, is to be the responsibility of PECDAR. The effective use of international assistance will, above all, depend on Palestinian implementation capacity. Hence, PECDAR would focus initially on three functions: i) formulating economic policy and public expenditure priorities; ii) coordinating and facilitating the flow of external assistance; and iii) managing and monitoring the extensive investment and technical assistance activities financed through such assistance. PECDAR would also implement activities for which (temporarily) no other implementing agency is available and would provide efficient nuclei in certain key areas of economic or sectoral management. At some time in the future, these would be spun off as the basis on which to build new economic institutions. For example, PECDAR is expected to coordinate the early process of reform in key areas through its support of expert task forces in legal affairs, public administration and civil service, and economic analysis and development. Technical assistance is needed in the form of seconded staff, advisors, consultants, operating systems and policy studies to establish PECDAR and help it function during the first two years.

**2.26** The systematic analysis of public policies is an essential ingredient to development, both in the short-term, as authority on economic decisions is transferred and PECDAR undertakes the complex task of managing the reconstruction of the OT, and in the medium-term, when strategic decisions will have to be made. One goal of technical assistance therefore, is to enhance Palestinian capacity to provide their new government with objective, informed and timely advice on public policy decisions at the national and sectoral level. In the small, open OT economy, there are three key interrelated questions of macroeconomic management: i) an appropriate trade policy, with respect to the OT's immediate neighbors (Israel and Jordan), other nations in the region, and the rest of the world; ii) the appropriate direct and indirect tax system, when the options for the latter may be circumscribed by decisions made on the trade regime; and iii) appropriate monetary and currency arrangements, both in the short-term, when the present dual-currency arrangement in the West Bank may prevail, and in the longer-term, when the possibility of a separate Palestinian currency may be considered.

**2.27** The strategy for achieving this goal includes support for five components: i) establishment and early operation of the PECDAR, the agency being created by the new Palestinian self-governing authority to manage economic development and coordinate aid flows; ii) a series of macro-economic studies to assess the costs and benefits of policy options facing the new government; iii) establishment of an institution (provisionally named the Palestine Development Institute) to carry out policy analysis on a permanent basis; iv) establishment of the Palestinian Bureau of Statistics (PBS) and the transfer of data and data-collection mechanisms from the Israeli Central Bureau of Statistics, as well as activities with a longer gestation period; and (v) training in economic policy analysis and other fields of public management, including procurement and project analysis and project management.

### **Technical Assistance Priorities**

**2.28** Within each of these five components, there is a need for a careful mix between emergency and longer-term technical assistance to develop institutions and knowledge. The total estimated cost is

US\$15.6 million over the next three-year period.<sup>2</sup> These activities are described in the following paragraphs:

### **Phase One Activities**

(a) **Advisors and Training in Fiscal and Budgetary Matters:** advisors in tax policy and administration, budget and treasury, public investment, and aid coordination would be provided for one or two years through the auspices of the IMF. The Government of Jordan has offered to second Palestinian advisors with the requisite skills from its own Ministries. Training for PECDAR's Palestinian staff in these subjects would be part of an overall package expected to cost an estimated US\$2.6 million. The EU has agreed to finance this TA package. The IMF would recruit and provide staff supervision of the advisors and help design and deliver the associated training.

(b) **Aid Management Information System (AMIS):** data-processing and systems capabilities are essential for economic policy-making in general and aid management in particular. The development of a new system from scratch would be expensive and time-consuming. However, a good system for reporting to donors already exists and can be adapted into an AMIS relatively quickly and economically. The Development Cooperation Analysis System (DCAS) has been developed by the UNDP over several years as a database of all externally-financed development activities for a given country. UNDP has already installed it in several countries and excellent country reports have been produced. The system is generally considered comprehensive, well-structured and user-friendly. Turning the DCAS into an AMIS for the OT (including an Arabic version, manuals and documentation) would take 5-6 months full-time equivalent. UNDP has agreed to contribute the DCAS software free of charge and to fund and supervise the programmers who would turn it into an AMIS. The next steps would be to add West Bank/Gaza specific features, introduce the system, and train local personnel in its use. Total cost is estimated at US\$190,000.

(c) **Establishment of Accounting System and Disbursement Procedures:** before receipt of the first loan or grant funds, the newly constituted PECDAR will require an efficient accounting system and set of disbursement procedures. This is necessary to ensure that, among other things, all funds received be identifiable by donor/lender, and that the utilization and intended purpose of such funds be clearly shown. The financial information would produce various financial reports: e.g., donor funds by source; summary reports for grants disbursed to executing agencies; by project, contract value, payments and expenditures by agency; donors' commitments; funds allocated to different programs and beneficiaries; and donors' accounts status: contracts, accounts received and amounts disbursed by project and grant. Such systems should be available "off-the-shelf" from one or more software or accounting firms. Additionally, PECDAR is exploring with the Social Fund for Development of Egypt utilization of its accounting system, suitably adapted for its own purposes. The cost of establishing an accounting system is estimated at US\$50,000. A disbursement seminar by World Bank specialists for PECDAR staff and key executing agencies is scheduled for April 1994.

---

<sup>2/</sup> In addition, an estimated US\$5.0 million has been provided to finance management and procurement consultants for the Office of Project Management and Monitoring (PMO) of PECDAR. These consultants are expected to be financed under the ERP.

**(d) Training in International Procurement:** the signature of the DOP has opened the door to a new period in the economic development of the OT, one in which substantial physical investment and the involvement of numerous consultants is expected to take place. Training in international procurement is required for the personnel of those agencies - the municipalities, PECDAR and its implementing/executing agencies - that will be responsible for carrying out the procurement of those civil works, goods and services. An initial one week training program was designed and delivered by World Bank and ILO procurement specialists (with partial World Bank and ILO funding) to more than 50 engineers from municipalities in Gaza and the West Bank and PECDAR's senior management in January 1994. Further procurement training is anticipated based on this initiative. The next activity is to select four or five persons who will bear major responsibility for procurement decisions or the supervision of procurement and send them to the four-week World Bank/ILO procurement seminar in Turin, Italy which is to be held this year in May. Funding for their participation would be provided by the TATF. An initial budget of US\$75,000 will cover these two training activities.

**(e) Training in Project Analysis and Management:** the sudden start of substantial new project investment necessitates a trained core of Palestinians skilled in the economic and financial analysis of projects and in their management. While there are some Palestinians with the requisite experience and skills in engineering firms and the municipalities, there are few in the financial sector or in the public and quasi-public sector. While skills deficiencies in these subjects can be rectified in the shortest time by hiring skilled Palestinians from abroad, there is a need to provide training in these subjects to provide refresher training for engineers in the municipalities, universities and elsewhere and to develop a common language for technicians and policy makers in the public, quasi-public and private sectors. EDI plans to launch this training program with a three-week Project Analysis course, probably in June 1994, which will be funded and delivered by EDI. Training in project management is also being planned by EDI to be carried out in mid-1994. A budget of US\$200,000 has been included to start training in these two subjects.

**(f) Study Group on Public Administration:** this study group would devise a lean, coherent public administration structure capable of managing short-term transitional responsibilities in a cost-effective and flexible manner, while also laying the basis for sound longer-term evolution of governmental responsibilities. The key tasks would be to: i) ensure completion of the recently-initiated assessment by the Palestinian Technical Committees of capacities and gaps in the Civil Administration; ii) consolidate these assessments and key near-term modifications in Civil Administration procedures and systems, keeping in mind the advantages of continuity, and devise emergency structures to assume public administration responsibilities from the transfer of authority targeted for April 1994 and elections targeted for July 1994; iii) develop a phased action plan for actual take-over of functions, without interruptions in service delivery, and for management of personnel from the Civil Administration; and iv) initiate a review and discussion of longer-term departmental structures as models for public administration in a market-oriented, private sector-based economy. Total support for four Palestinian professionals and two support staff for up to seven months, as well as short-term external assistance on "best practices", is estimated at US\$400,000. The World Bank and the European Union have agreed to draft a working paper on this subject in order to catalyze agreement on an agenda and work plan for the task force.

**(g) Study Group on Civil Service Issues:** this study group would work as a specialized offshoot of the public administration study group, to focus on the human resource, incentives, and personnel management dimensions of the problem. Its objectives would be to: i) define the most urgent senior-level civil service positions to be filled by Palestinians as a result of transfer of administrative responsibilities, and develop a transparent and consensual short-term strategy to identify and recruit suitable candidates, on the basis of technical competence and from the widest possible pool of applicants; ii) develop options for the incoming Palestinian authorities on the personnel management and compensation policies of the new administrative entities, based largely on fiscal sustainability and performance considerations; iii) define emergency training programs focussed on refresher courses for existing or recent Palestinian incumbents and managerial workshops to devise mechanisms and procedures for smooth takeover of administrative responsibilities; iv) manage a short-term study (including international comparisons) on staff size and structure, personnel management policies and public service compensation policy; and v) develop proposals for an interim civil service management entity—e.g., a high-level office reporting to the political leadership -- as the nucleus of a permanent civil service management and oversight agency -- to manage the medium-term transition from emergency recovery administration to a more settled public administration. Support for two Palestinian professionals and two support staff for eight months, management-level workshops and for the civil service management study (including appropriate external advice, logistics and travel) is estimated at US\$200,000. Canada has offered financial support for civil service management development.

**(h) Fiscal Policy Study:** the OT have hitherto not had an independent fiscal policy. With the advent of self-government, some of the instruments of fiscal policy -- on both the tax and expenditure side -- will immediately come under Palestinian control. It is essential to identify the revenue requirements of the tax system, taking into account the Palestinian authority's decisions about government expenditure. This would be followed by an evaluation of alternative tax policies covering direct and indirect taxes needed to reach that revenue objective. The estimated cost of this study is US\$80,000. It would be carried out in conjunction with technical assistance which is expected to be provided by the IMF in the area of tax policy and administration.

**(i) Study on Monetary and Currency Arrangements:** this study will i) evaluate the implications of continuing the present dual currency arrangement in the West Bank and Gaza for the next three to five years; ii) carry out a cost-benefit analysis of alternative currency arrangements, including: an independent monetary policy with a Palestinian central bank; a currency board, with all monetary emissions backed by reserves; and a monetary union, with Israel and/or Jordan, on the lines of the CFA Franc zone in West Africa or the forthcoming European Monetary Union; and iii) consider the implications of each alternative for seignorage gains, foreign exchange transactions, fiscal policy, macroeconomic stabilization, and competitiveness. The cost of this study is estimated at US\$90,000.

**(j) Palestine Development Institute:** the TA program would support the establishment of an independent institute, provisionally called the Palestine Development Institute (PDI), which would undertake relevant economic policy analysis to support the new government in the Occupied Territories. The objectives of PDI would be to: i) analyze economic policies for input into the decision-making process of Palestinian policy makers; ii) develop a cadre of well-trained Palestinian policy economists; and iii) contribute to the national debate and help form a national

consensus on economic policies. It is suggested that PDI be a part of the government, but with an independent board of directors and separate sources of funding. In addition to carrying out short-term studies for the transitional government, PDI would embark on longer-term research which would provide an analysis of strategic and tactical options. The first set of macroeconomic policy analyses to be prepared by PDI is expected to be funded by the Technical Assistance program and would be carried out in 1994. These studies could be carried out as part of PDI's work program, once it is established, or they could be done separately if the establishment of PDI turns out to be slower than expected. The estimated cost of the policy studies described above amounts to US\$0.6 million over three years. To help disseminate the results of new policy initiatives and build consensus on them, the Economic Development Institute (EDI) is proposing to organize a series of seminars jointly with the Palestinian authorities. The estimated cost of these seminars is about US\$200,000.

(k) **Palestinian Bureau of Statistics:** the Palestinian Bureau of Statistics (PBS) was established in October 1993 to become the nucleus of a central bureau of statistics for the emerging Palestinian self-governing authority. The PBS has a board of directors which broadly represents key economic policy decision-makers and researchers. With Norwegian financial and technical support, the PBS has begun to create a masterplan to provide a general direction for its early activities. The masterplan will lay out PBS's objectives; map its overall strategy for performing the statistical functions for the emerging Palestinian self-governing authority; decide on a statistical system embodying international standards; specify priorities and initial activities; design the organizational structure; identify staffing and training requirements; and design a strategy for obtaining and coordinating international technical support. Technical assistance under this item would include technology and equipment acquisition, the establishment of a Gaza office, recruitment expenses and training. Finally, under this task the physical transfer of CBS data files, sample frames, maps and facilities located in the OT would take place. The proposed TA would facilitate the data transfer through the acquisition of appropriate hardware, software and consulting services. In addition, the TA would include the evaluation of CBS data and techniques. The cost of this activity is expected to be US\$250,000.

(l) **Preparation of National Income Accounts:** the proposed TA would support the development of national income accounting for the emerging Palestinian self-governing area. A major part of the expense to be supported by the TA would be to hire an international specialist for a two-year period to oversee the establishment of the Palestinian national income accounts and to train staff in the expected national income accounting unit of the PBS. The cost of this activity is estimated at US\$400,000. Support for this activity may be provided by the IMF. Donor funding independent of the Trust Fund may be forthcoming, possibly from Germany.

## **Phase Two Activities**

(m) **Public Information Strategy:** creating public awareness and support for the economic development policies and programs of the new Palestinian self-governing authority is an important element in their successful implementation. This activity would support a contract with media consultants to design a public information strategy and a program of multi-media materials to explain the economic objectives and policies of the new authority once elections have taken place and the new government is in place. The estimated cost of this activity is US\$250,000.

(n) **Training for Palestinian Managers in Civil Administration:** the new Palestinian authorities will inherit a Civil Administration in which most of the top 600-700 decision-making positions have been filled by Israelis and most of the 20,000 staff positions have been filled by Palestinians. During the course of 1994 a task force will investigate the status of the civil service and public administration and recommend policies for the new Palestinian government. One of the concrete outputs of this task force is expected to be detailed recommendations for training Palestinian managers to fill the positions vacated by senior Israeli government officials. Details of the training program will be known once the task force has completed its work. A notional amount of US\$1.5 million has been budgeted for this key activity beginning in 1995.

(o) **Trade Policy Study:** in addition to its importance for resource allocation and, hence, economic growth, trade policy is crucial in the OT because there are some strategic decisions to be taken about the new Palestinian entity's trade relations with its immediate neighbors. This study would evaluate the options for trading arrangements with Israel and Jordan, their advantages and disadvantages (in qualitative terms) and the issues they raise. The estimated cost of this study is US\$90,000.

(p) **Census Preparation and Implementation:** there is a strong need for a demographic census of the West Bank and Gaza, the last census having been conducted in September 1967. A new census would also take into account Palestinian returnees. Carrying out the census would be a time-consuming and costly activity and requires thorough preparation. Preparation and implementation of the census is expected to cost about US\$5 million. It is expected that preparation would take place during the next few years and that the census would actually be conducted in the 1996-1998 period. An international advisory body may be established to assist PBS. Other needs include enabling legislation, comprehensive maps, training and team organization. Several UN agencies, including the UNFPA, UNSTAT, ILO and UNDP, the IMF and the World Bank, and the governments of the United States and Norway, among others, have expressed an interest to support the census activity of PBS. The proposed TA provides seed money for the PBS to start the preparation process, but it would be better to agree on a comprehensive technical and financial assistance package, from preparation through implementation, rather than piecemeal support. The cost of the preparatory phase of this activity is estimated at US\$300,000. Full implementation is expected to cost a further US\$4.7 million.

(q) **Living Standards Measurement Survey:** there are three current sources of data on the West Bank and Gaza Strip: i) Israel's Central Bureau of Statistics; ii) scattered individual surveys undertaken by various Palestinian researchers in the West Bank and Gaza; and iii) the FAFO Study of 1992. These data are by no means as comprehensive as those that are collected from Israel proper. For example, the last population census for the West Bank and Gaza Strip was conducted in September 1967. The quality of data from the West Bank and Gaza Strip is also limited, particularly since the beginning of the *intifada* in December 1987. As a first step in updating the basic socio-economic database for economic policy making, the PBS proposes to carry out a multi-purpose household survey to be collected from a sample of several thousand households in the West Bank and Gaza Strip. Such a survey would provide detailed information on a variety of socio-economic indicators to serve as a basis for informed policy decisions and to facilitate analysis of the role and impact of various policies on the welfare of Palestinian households. This survey would also serve as a major instrument for training Palestinian staff in data collection and analysis (in preparation for a full census planned for the late 1990s) and could be adopted as the vehicle for future data collection on many aspects of household behavior. At

this stage, the formulation and execution of the survey would contribute significantly to institution-building by providing a major initial activity for the PBS. The estimated cost of this activity is US\$700,000, over a two-year period.

### **Phase Three Activities**

(r) **Study on Reinforcing the Social Safety Net:** this study would assess the extent and intensity of poverty in the West Bank and Gaza and draw a profile of poor households in terms of their socio-economic characteristics in order to design a well-targeted social safety net. It would take into account the numerous existing programs for helping the poor before proposing additional adjustments. The study would evaluate options to improve the system of aid delivery through either primary governmental responsibility or a combination of public/UNRWA/NGO efforts, taking into account the continued involvement of multiple aid sponsors. This study is estimated to cost US\$100,000.

(s) **Labor Markets Study:** with a large fraction of personal income and GNP coming from work in Israel, and a large number of potential returnees working in Jordan, the Gulf, and other countries in the region, an understanding of the labor markets both in the OT and in the region would be central for the formulation of future policy. This would include the interaction between the labor markets in the OT, vis-a-vis Palestinians; and the relationship between labor policies and trade policy. The study should also draw the implications of the various arrangements with respect to labor mobility on the return to education and on the private incentives to invest in education and to migrate (in and out). The cost of this Phase Three study is estimated at US\$90,000.

### **Financial Management, Accounting and Auditing**

**2.29 Sector Strategy.** The sector strategy is designed to correct weaknesses and deficiencies in financial management and accounting which have arisen for historical and other reasons. Palestinians living under occupation, with the exception of those working in NGOs, have had little opportunity to exercise management responsibility in the public sector, specifically in areas of financial management, accounting, treasury, budgeting and information systems. Different schools of accounting practice in the West Bank and Gaza, which follow the Jordanian and British practices, respectively, and to a lesser extent, differences in the financial management and accounting curricula at universities in the Occupied Territories have contributed to this problem. Accordingly, the accounting systems and budgetary practices followed by the municipalities are extremely weak, with primitive records and little documentary evidence, even in those few cases where the accounting activities are run by able individuals. Public sector financial managers in many cases do not have satisfactory academic grounding in financial subjects. In contrast, the accounting and financial management practices of the most important local and foreign NGOs are more autonomous, and their staff are better qualified and trained. These deficiencies need to be rectified as part of the assumption of self-governing responsibility, in order to place public institutions on a more self-sufficient financial footing and to take charge of the many public economic and financial functions of a Palestinian government.

## **Technical Assistance Priorities**

**2.30** Given the dearth of qualified professionals in public service and the lack of managerial responsibility over the past 25 years, the first priority is to provide refresher training in basic financial management, accounting and auditing for managers in the public sector and quasi-public sector bodies, including municipalities, universities, community colleges, schools and hospitals, with at least a necessary minimum technical background. A second priority would be to begin to train a cadre of government auditors in order to provide a system of internal auditing, monitoring, and control over the government departments and agencies being established, which would have access to substantial public funds, both domestic and foreign. A third priority would be to establish uniform accounting, budgeting and financial reporting and control systems for the municipalities, and to provide training in these systems for relevant personnel. A fourth priority would be to establish standardized central government accounting, as well as the internal and external control institutions within the executive and the legislative branches. This would be followed by the enactment of adequate standards and related training of the staff.

**2.31** The following paragraphs describe the five specific TA activities recommended for financial management, accounting and auditing. In total, the expected cost over the next three years will be US\$2.0 million.

### **Phase One Activities**

**(a) Uniform Accounting System for Municipalities:** this activity has two parts. The first part consists of establishing the financial and budgetary situation – assets, liabilities, revenues, costs, tariff structures and operational results from the water, power and other utilities operations – at December 31, 1993 of the following municipalities: in the Gaza Strip, Gaza, Khan Yunis, and Rafah; in the West Bank, Ramallah, Hebron, Nablus, Bethlehem and Jericho. The second part consists of the design of a simple, but informative, uniform accounting and budgetary system which would be identical for all municipalities in the OT. This system would include a unified Chart of Accounts to facilitate the recording of transactions (integrating both the financial and budgetary accounts) and the production of meaningful financial statements and information to the municipalities, mayors and other managers. The integrated system should also be designed to serve the information needs of PECJAR and donor agencies countries to demonstrate how the funds received from those sources have been applied to the purposes of each loan or grant agreement signed between PECJAR and the donor countries. In carrying out the second part of this work, consultants would look in detail at the financial position of two "model" municipalities in order to identify financial obstacles to placing municipalities in the OT on a financially self-sufficient basis. In particular, the consultants would analyze the following: i) the collection system for bad debts; ii) the structure of municipal taxes; iii) laws on tenant protection; and iv) the adequacy of user fees for municipal services, including utilities. This work would be coordinated with the institutional/organization studies for water utilities and for electric power, telecommunications and postal services which are to be carried out in 1994. The establishment of the financial position of the municipalities at December 31, 1993 should be finished in early 1994, depending on access to the required information; the integrated system, by March 1995. The estimated cost of this activity is \$250,000. UNDP and USAID have expressed interest in supporting activities to improve municipality management and the delivery of municipal services.

**(b) Design of a Model Structure of Central Governmental Accounting, Internal and External Controls and Related Standards:** this activity will consist of three components. The



first would be the design of a model central general accounting structure within the Finance Department, headed by an Accountant General, in charge of: a) issuing accounting standards for government departments and public sector entities; and b) consolidated recording of the public sector accounting, regarding the assets and liabilities of the government, and a National Financial Information System on government and public sector transactions. The second component would be structuring and institutionalizing an internal control network in the government with the purpose of issuing internal control and internal audit standards to be utilized throughout the public sector, to act as auditor of the executive branch of the government and to coordinate the network of Internal Audit Units. The third component would be the creation of a Palestinian National Audit Office (PNAO), as the government's external, "ex post" control entity reporting to the Parliament (National Assembly). The PNAO would issue external audit and evaluation standards and would audit all public resources from the viewpoint of compliance with established norms and procedures, financial and economic performance and integrity, efficiency and effectiveness, and compliance on legal matters. The timing of this activity would depend in part on the election of a national legislative body. The cost of the TA is estimated at US\$0.4 million.

(c) **Training Government Auditors:** training a core group of 15-20 internal and external public auditors to staff the Palestinian National Audit Office. Following modern audit practice in the public sector, this team would be composed of graduates in accounting, finance and management, as well as engineers, economists and social scientists who were adequately trained in accounting and finance. Candidates might be drawn from the staff of the current Civil Administration in control and finance areas and others with similar backgrounds who may come from other sources. Candidates for this specific training who did not already have suitable professional credentials would attend an introductory seminar before entering the audit training. The seminar would cover the following topics: i) auditing and financial reporting in an accounting environment; ii) multilateral organizations audit and reporting model; and iii) international models and schools of control in the modern public sector. The second part of the training would cover specific areas of interest and responsibility: i) banks and financial institutions; ii) fighting and preventing corruption in risky and vulnerable environments; iii) latest technologies in the Public Sector Auditing (value-for-money, comprehensive audit); and iv) environmental audits (green projects). It is expected that a very limited number of graduates from these seminars may be sent for specialized training to programs maintained for foreign public auditors in countries such as the UK, USA, Canada, Spain, France, Sweden and other Western countries. The cost of this TA activity is estimated at US\$0.5 million.

(d) **Upgrading Private Sector Accounting and Auditing Profession:** the main purpose of this activity would be to create a unified Palestinian Institute of Chartered Accountants, working under international, professional and quality standards, and thereby consolidate the different accounting associations which exist at present in the West Bank and Gaza, each with different entrance requirements. A decision to this effect would be required. The new Institute would include those currently affiliated to one of the two or three accounting associations, and future candidates to be admitted in accordance with conditions to be established. A professional accountancy practice law should be enacted to establish the conditions for general practice and to the external auditing practice. This law should also regulate entrance to the new unified Institute. A Professional Accounting Committee should be established with two representatives each from current accounting associations in Gaza and the West Bank, and representatives from a business school, the universities and the Finance Department of the government. A Code of Ethics would also be enacted. Finally, the conditions for future entrance into the new unified

Institute would include, as already agreed in principle, in addition to any university degree, two years of proven practice in public accounting, and a rigorous examination on accounting theory, accounting and financial management practice, auditing, law and the foundations of economics and finance. Before this program can begin the profession would need to agree to utilize generally accepted international accounting standards for the profession. Access to adequate training materials and trainers capable of conducting sessions in Arabic would be necessary to train about 1,000 accountants in Gaza and the West Bank. Such materials and trainers may be available in Jordan (where USAID funded training workshops on international standards in 1990-1991) or Egypt. The Palestinian counterparts in this professional field will ascertain the adequacy and availability of such materials and trainers. An international accounting firm with training professionals would be engaged to carry out this activity. The cost is estimated at \$125,000.

## **Phase Two Activity**

(e) **Training Public Sector Staff in Financial Management:** Palestinian public sector and quasi - public sector entities - municipalities, hospitals, NGOs, schools and universities and government departments and centralized institutions - have existed with constrained financial resources for decades. With self-government, the expectations placed on these institutions to deliver services may rise faster than their income. To survive they will need to manage their scarce financial resources more effectively. The proposed training is expected to take place in two phases. The first phase, training in the Basics of Financial Management, would be delivered to a contingent of about 100 key officers from Gaza and the West Bank once these officials have been appointed. This could be anytime from mid-1994 to early 1995. The second phase would be developed and delivered in 1995 and 1996. The plan envisages a formal and complete program in Financial Management and Performance Control. The program would be addressed to a target group of 500 officers and would cover five different topics. Annex EM1 presents the program in detail. Each session would accept up to 50 officers, including those who attended the introductory course. Potential candidates would be selected from the Civil Administration, municipalities, NGOs, etc., so that the first contingent of 50 participants could initiate the program during the first half of 1995. This activity would include refresher training, as necessary for lecturers participating in delivering the program and the collection of instructional materials in Arabic and English. The estimated cost of this activity is \$0.875 million.

## **Private Sector**

**2.32 Background.** While the Technical Assistance program focuses on activities to support infrastructure, human resources and government economic management, a critical element in the success of the overall program will be the role played by the private sector. Without the development of the private sector, any economic growth stimulated initially by the public sector-led, Emergency Assistance Program activities would, in all likelihood, prove unsustainable. Public sector investment alone will not be sufficient to boost economic growth beyond the short term and to create the conditions necessary for long term growth. Because of eventual public financing constraints and limited governmental administrative and institutional capacities, a development strategy based upon the development of the private sector is the one most appropriate and most likely to lead to success for the emerging Palestinian self-governing authority.

**2.33 Elements of a Strategy.** In such a development strategy, the role of the public sector would be limited to activities that cannot, by their nature, be provided by the private sector.<sup>3</sup> Such a focus emphasizes the provision of basic economic and social infrastructure and the establishment of a conducive environment for the private sector. The private sector would be expected to play the central role in the production and distribution of goods and services. This central private sector role is envisaged for agriculture, manufacturing, construction, housing, commerce, finance, tourism and other service sector activities.

#### **Technical Assistance Priorities**

**2.34 Institutions to support the development of a well-functioning private sector oriented towards export growth are now getting started in the OT.** Public sector support for private investment and business activity can take several forms, and can play an important role in boosting the incentive system in which entrepreneurs operate. At the same time, there is a risk that these interventions could reduce the disciplining role of the markets and the link between performance and profitability. The key is to find interventions that are warranted by the specific economic conditions and to structure them so as to enhance, rather than reduce, the role of markets. Two TA activities of a general nature to support private sector development across all sectors are currently planned, though more are expected to be added over the course of the next three years as the economic policies of the self-governing authority takes shape and as the private sector responds to changing opportunities:

**(a) Support Systems and Institutions for Business and Exports:** joining local consultants with business experience and expert international consultants with records of export promotion success, would provide the basic analysis needed to develop the institutions and set of public sector interventions to promote private sector growth, with a special emphasis on small- and medium-scale enterprises and exports, in an efficient and cost-effective way. It would explore alternatives in: i) trade development and trade promotion, including producer and market-based product development and marketing schemes; ii) trade finance, including export/import trade credits, duty draw-back and temporary admission schemes; iii) financial incentives to encourage product innovation and new market access, including tax credits, equity or convertible investment cofinance, and performance prizes; and iv) establishment of appropriate standards and mechanisms for standards certification and protection of intellectual property rights. The objective would be to create an effective, practical blend of official programs and institutional support with small privately supported programs targeted at specific products and markets, which could be supported by further TA activities from external sources. The estimated cost of this Phase One study is US\$150,000.

**(b) Diagnostic Study of the Investment Climate:** this study would review the investment climate in the OT and recommend policy, regulatory, legal and institutional measures to improve the capacity to attract and promote investment. Since the OT presently lack a well-developed legal and institutional framework to attract investment, the study would focus on presenting various policy and institutional options based on the best practice of countries which have been

---

**3/** This overall strategy is largely consistent with, and was drawn upon, that articulated in the PLO's *Program for Development of the Palestinian National Economy for the Years 1994-2000*, Executive Summary, prepared by the Department of Economic Affairs and Planning, Tunis, July 1993.

successful in attracting foreign direct investment and which might have similar characteristics (such as population, size, natural endowments, etc. to the OT. The study would recommend a detailed work plan to develop a long-term strategy to attract foreign investment. This study is estimated to cost about US\$70,000 and could possibly be carried out by the Foreign Investment Advisory Service (FIAS), a joint venture of IFC, the World Bank and MIGA, in the second quarter of 1994.

## **Agriculture and Fisheries**

**2.35 Sector Strategy.** During the three-year emergency period, the overall sectoral objectives will be to maintain essential public services, improve essential sectoral infrastructure and lay the basis for long-term policy, institutional development and prepare for structural reform, as described in paras. 3.257 - 3.264 of Volume I. Acknowledging the basic role of the private sector in the production and marketing of agricultural products, the sector strategy would focus on advancing the policy dialogue with the Israelis on issues such as bilateral and international trade, the internal transport of products and people, natural resource access and management, and the adjustment of the regulatory and tax framework. Preparation for such dialogue would assume a high priority. Similarly, defining and strengthening public functions being transferred to Palestinian control should also receive priority.

### **Technical Assistance Priorities**

**2.36** The technical assistance program to carry out this sectoral strategy would focus on developing options and implementation plans for sectoral policy and institutional development. This would include defining the role of and strengthening essential public services in such a way as to maintain the advantages of the plurality of services without prejudicing future changes in the role of the public sector and agencies currently involved in supplying such services. It would also include assessing the feasibility of essential public infrastructure investments, notably public drinking water supply, waste water treatment, rural roads and the expansion of critical works related to erosion control and water infiltration, as high priority studies. These investments derive their priority from the acknowledged lack of past investment, their essential function in agriculture, the highly labor-intensive nature of most works (for environmental investments) and their benefit to large segments of the rural population. Given the importance of the agricultural sector to the Palestinian people, other studies for improving access to research results, supporting applied research and testing selective new production techniques for the private sector, and improving environmental and resource management should be implemented later after the results of the sector policy, institutional and agricultural trade studies have been completed.

**2.37** A total of four TA activities, with an estimated cost of US\$1.4 million, are proposed to help carry out the sector strategy over the next three years. They are summarized in the following paragraphs. Other TA activities of direct interest to agriculture are covered elsewhere. These include a feasibility study on well rehabilitation, which is to be carried out as an urgent priority in the water sector; the feasibility of a fishing port at Gaza, which is to be assessed as part of an overall pre-feasibility study of the Gaza port in the transport sector; and the collection and analysis of agricultural statistics, which is included in the establishment of a central statistical office collecting data on numerous sectors and avoiding institutional proliferation and the waste of scarce resources in the area of economic data and statistics. Additionally, the concept of the TA program as a rolling program with a regular reassessment of priorities will make it possible to take into account the large number of proposed agriculture-related

TA activities in the data base prepared by the Palestinian Counterpart Team that are not presently ready for consideration.

### **Phase One Activity**

(a) **Institutional and Sector Policy Study:** PECDAR, in cooperation with the technical committees, or other suitable institutions, would organize Palestinian study teams supported by foreign experts to review and design specific aspects of future agricultural sector policy, institutions and public tasks, with specific reference to policy and institutional alternatives. Outputs would include a general policy framework, a new sectoral organizational blueprint, the identification of buildings, equipment, staffing and training needs and budget implications, and the identification of further TA needs. The estimated cost is US\$500,000 and it is expected to be funded by the TATF.

### **Phase Two Activities**

(b) **Agricultural Trade Study:** this study would assess the implications of various alternative agricultural product trade regimes for the OT, not only with Israel and Jordan, but also with other countries, including the Arab states, Eastern Europe and the EU. The study would assess how changes in the regulatory framework could improve trade and what specific steps would be needed to support such trade. This study would be coordinated with the broader trade study described about in para. 69, item a (iii). The estimated cost is US\$200,000.

(c) **Olive Production and Processing:** this study would focus on two separate but linked areas of olive culture, the single largest crop in the OT. The first part would review what possibilities exist to improve olive production, from existing trees through improved husbandry practices, and whether future production could be improved by introducing different strains of olive trees in the OT. The study would use research material from Mediterranean countries to assess the technical options for the latter. The second part of the study would assess how the value added of olive production could be improved through improvements in harvesting, processing and marketing. The estimated cost is US\$200,000.

(d) **Feasibility of Fish Culture:** given the rapid salination of ground water in Gaza and the Jordan Valley and the need to increase protein availability, this study would comprise two parts: i) a general assessment of the environment in the OT for growing fish and identification of species with potential for culture in the OT, using information from neighboring countries; and ii) the implementation of a pilot project in which one or more species of fish would be cultured to assess technical and economic feasibility, institutional arrangements and markets. The estimated cost is US\$400,000. The government of Norway has expressed an interest in possibly funding such a study, perhaps in conjunction with the IFC.

## **Financial Sector**

2.38 **Sector Strategy.** The financial sector in the OT lacks the variety and depth of financial institutions and financial services to facilitate normal economic growth, as described in Volume I, paras. 3.238 - 3.252. Dramatic changes are required soon if the sector is not to constrain the early flourishing of that growth. Depending on political developments and agreements between Israel, Jordan and the

**Palestinians, as many as 10 new banks could open or re-open in the course of the next six months in Gaza and the West Bank. The strategy to develop an efficient financial sector consists of three components. The first would be to create the necessary legal environment and regulatory framework to accommodate the sudden increase in banking activity and to allow a sound commercial banking system to grow rapidly. Second, it is essential to build a more diverse set of financial institutions that would provide risk-sharing mechanisms and increase the domestic supply of long-term savings. Third, the creation of a development or investment bank could serve as a provisional mechanism to channel long-term funds to the private sector in a way that supports, rather than prevents the emergence of a sustainable domestic financial system in the future.**

### **Technical Assistance Priorities**

**2.39 Technical assistance to support implementation of the sector strategy would focus first on helping to establish a common legal and regulatory framework covering commercial banks in Gaza and the West Bank. At an appropriate time, this framework would be extended to other segments of the financial sector, including currency exchange, the capital market, insurance and leasing. A second TA area would be the establishment of a Palestinian banking authority to supervise market participants and promote the growth of the sector. Bilateral negotiations have been underway between the Israelis and Palestinians, on the one hand, and the Israelis and Jordanians, on the other hand regarding future responsibility for regulation of the banking sector in the OT and the respective roles of the Central Banks of Israel and Jordan or of the new Palestinian authorities. Given the dynamic, but uncertain nature and pace of change in the sector, there is a need to embark now on a program of institution building and training of Palestinians on the assumption that Palestinians will assume full responsibility for the financial sector in the OT over the next few years. A final TA priority would be to encourage the provision of long-term finance, initially through the creation of a development or investment bank. These TA activities are described in the following paragraphs.**

### **Phase One Activities**

**(a) Unified Legal and Regulatory Framework: banks in Gaza and the West Bank now operate under different banking laws. In the near future, banks throughout the Occupied Territories should operate under a single Banking Act and be supervised under a single set of regulations. The Israeli Banking Act could provide the necessary unified framework, but the OT may want to have their own banking legislation, adapted to their own needs. This legislation should be complemented by a set of regulations, which would be issued and monitored by a Palestinian banking authority (see the following paragraph). As a first step, adapting and adopting an existing banking law, or drafting one especially for the OT, should begin as soon as the nature of Israeli and Jordanian participation in the banking system of the OT has been established. However, the law ought to go beyond commercial banking to encompass currency exchange, investment banking and securities, and leasing. The cost of such an exercise would range between US\$75,000 and US\$250,000, depending on the extent to which an entirely fresh start is to be made.**

**(b) Establishment of Palestinian Institutions for Banking and Monetary Issues: despite negotiations between Israel, Jordan and the Palestinians, final agreement has not yet been reached on the ultimate scope of Palestinian responsibility for the financial sector or the participation of a Palestinian entity in regulation and supervision of banks operating in the OT. The Central Bank of Jordan may assume formal responsibility for the solvency and supervision of Jordanian banks which operate in the OT, at least for an interim period. Nevertheless, the Palestinian authorities should begin now to prepare to assume increasing responsibility for the financial sector,**

beginning with the establishment of an office to supervise banks chartered and operating in the OT. At some point the government will have to play a role in regulating other financial sector activities, such as leasing, investment banking, securities markets and insurance. The appropriate level of regulatory intervention, design of an institutional development program encompassing the financial sector, and phasing of the program needs to be initiated and designed in the next few months, once agreement between the Palestinians, Israelis and Jordanians has been reached. One issue to be addressed would be whether an appropriate regulatory structure would consist of one central body or several, sector-specific regulatory offices. A Bank Supervision Office (BSO) would be the kernel of future Palestinian financial institutions, which would grow in scope and responsibility in line with political agreements and developments in the financial sector. Eventually, it might become a central bank for the OT. As a first step to establish the BSO, four to six qualified banking supervisors should be identified now from among the Palestinian diaspora. If qualified regulators are not available, individuals with backgrounds in banking and accounting should be selected and enrolled in an intensive training program. This program should begin with professional training in bank supervision, such as the courses offered by the US Federal Reserve Bank or the Bank of England. These courses could be taken abroad or possibly arranged to be delivered inside the OT. However, foreign training may prove to be more cost-effective and would expose the participants to the experience of other banking markets. The training should include extended visits to supervising agencies abroad. Similar training for one or two persons could be arranged with regard to the capital market, possibly with the US Securities and Exchange Commission or with the Securities Industry Board in the UK. A similar approach could be followed with insurance, leasing and other financial activities in order to develop a cadre of qualified individuals to supervise such activities, as the need arises and in line with agreements to transfer authority over the financial sector to the Palestinian authorities. The cost of technical assistance to design an institution-building program for a Palestinian Banking Authority, establish a Bank Supervision Office and train an initial group of bank supervisors is estimated at US\$250,000.

(c) **Creation of a Palestinian Development Bank:** the creation of a Development Bank is mentioned in the Declaration of Principles as a means to provide long-term lending for investment. There are also strong arguments for the creation of a long-term credit facility to meet the immediate needs for such credit in the Occupied Territories, and several proposals are currently being discussed for the creation of such an institution. Among the central questions related to the design of such an institution are the issues of private/public ownership, institutional structure and market orientation, interest rate policy and targeted lending toward preferred sectors, such as housing and agriculture. International experience over the past four decades clearly demonstrates that such institutions are successful when they are market-oriented, privately managed, and do not engage in subsidized lending. These and other issues dealing with the establishment of the bank would be the subject of a study which is expected to cost about US\$100,000.

2.40 The British and Swiss governments have discussed with the Palestinian authorities their interest to support development of the financial sector. ODA is presently preparing draft terms of reference for the first two activities for further discussion with PECJAR and the Bank. These TA activities could be handled on a direct basis by the aid agencies of those governments or supported by the Trust Fund.

## Housing

**2.41 Sector Strategy.** The sector strategy for housing is described in paras. 3.137 - 3.146 of Volume I. The major issues in the housing sector are: (i) the high cost and constrained access to developable land near trunk infrastructure; (ii) the complex of issues related to land development, property rights and title registration, land use and planning laws and regulations, and the limited autonomy of local governments over land classification and use, zoning and financial matters; (iii) the virtual absence of formal credit for housing construction, additions or renovations; and (iv) the poor quality of the housing in the refugee camps. The strategy for the sector emphasizes ways to resolve these problems and expand the supply of developable, serviced land in urban areas, facilitate the provision of credit to the sector and upgrade substandard housing. Most important, however, is the resolution of the complex issues surrounding land ownership and use. The overall goal for the sector is to create an institutional, regulatory and policy framework that is supportive of the private development of land and housing. There is an urgent need to begin the process of developing a consensus on a sectoral strategy and an appropriate institutional and regulatory framework that is supportive of private sector-led development.

**2.42 Technical Assistance Priorities.** Technical assistance in the housing sector should focus on the institutional issues of land access and development, the establishment of a relevant policy framework for housing and the development of a financial infrastructure for real estate financing. It should also assist the government in developing policies to deal effectively with the housing needs of returning Palestinians and in developing a policy to deal with housing in refugee camps. The issues of land ownership and conveyancing have been highly sensitive and politicized because of the occupation and must be tackled first if progress is to be made in the sector. These issues are part of a broader set of issues surrounding land use, planning and development that are to be addressed in the urban planning study described earlier. The four TA activities in this sector are expected to cost about US\$2.4 million over three years.

### Phase One Activities

(a) **Land Use Regulation:** this study would identify problems of land title and registration, and land use classification, zoning and permitting at the local level in order to get a fix on the availability of land, dynamics of the land market and ways to resolve the issue of land access as an obstacle to development in a few selected, representative localities. It would also assess the constraints to development at the level of the municipality, the boundaries now applied to several model municipalities and the approval process used for land title, registration and transfer at the municipal level in order to recommend a reform strategy. Finally, it would identify measures to reform urban planning laws and procedures and to enhance the capacity of government and other institutions dealing with land issues to assume responsibility for development planning. This study would take place before, or in close coordination with the urban planning study described in para. 52, in order to avoid duplication. Such a study is estimated to cost about US\$275,000.

(b) **Housing Policy and Institutional Development:** this study would begin with an evaluation of the existing housing market and would then recommend a basic housing policy for Gaza and the West Bank. It would address issues of high, medium and low income housing, urban areas and villages, recommend the appropriate role of private and public sector market participants, including those involved in construction, finance and regulation, recommend a



suitable regulatory framework, including building codes, and appropriate measures to address the problems of low-income housing. In particular, it would highlight appropriate policies and strategy to deal with the potential housing needs of returnees and a strategy to develop housing in the refugee camps that is consistent with their future status and the realities and constraints of integrating the camps into surrounding communities on a permanent basis. This study is expected to take about one year to complete and to cost about US\$1.0 million. This subject may be covered by the USAID housing project in Gaza.

(c) **Housing Finance:** this study would address issues which constrain the availability of housing finance in the OT and in surrounding countries. The main topics covered would include finance for house construction, whether new construction or the expansion/modernization of existing housing, contractors' finance and mortgages. In particular, it would assess the legal issues, including foreclosure, which prevent the extension of mortgage credit and draft a mortgage law. This activity would be closely coordinated with the results of the pilot mortgage program being supported by USAID. The cost of this study is expected to be about US\$600,000. Should the results of the analysis warrant, a full-scale housing finance program would be carried out as a second phase. This would include the preparation of detailed institutional operating procedures, manuals, lending policies and legal documents to deliver a ready-to-go program for participating financial institutions. It would also include training in the form of workshops in the OT and training abroad for key actors in the housing and financial sectors to disseminate models of market-based housing finance. The full package of design and training may cost as much as US\$750,000. EDI has proposed to the Palestinian leadership a series of policy workshops to identify and build consensus on a key housing sector issues, including alternative financing methods and housing policy, taking into account experience in other countries, including those in the region. Such a program is expected to cost about US\$400,000.

## **Phase Two Activity**

(d) **Seminars in Housing Policy:** Seminars on housing policy would be carried out in 1995 once the policy study has been completed. The estimated cost of these and other policy seminars is US\$400,000.

## **Legal Affairs**

**2.43 Current Situation.** Previous analysis of the legal framework for economic activities in the West Bank and Gaza has revealed the magnitude of the need for legal reform, both as to the substantive and procedural laws and regulations as well as the institutional arrangements for their enforcement and adjudication. As a prerequisite to reform, there is a need for compilation, clarification and harmonization of the body of laws in the Territories.<sup>4</sup> Although sharing a heritage of Ottoman and British Mandate law, the laws of Gaza and the West Bank have evolved differently since 1948. Until 1967, the West Bank participated in and, to a certain extent, continued thereafter to benefit from Jordanian legal modernization and related jurisprudence. Gaza has seen virtually no post-Mandate reform but was

---

<sup>4/</sup> Use of the term "law" in this context should be understood to include all legislative measures, codes, regulations, rules, directives, orders, proclamations, court or administrative procedures and rules and all other prescriptions issued by an authority and having the effect of law, regardless of the identity of the authority.

influenced by Egyptian jurisprudence from 1948 to 1967, particularly in the area of contract and related commercial obligations. In Gaza, many aspects of Egyptian law particularly in the area of contracts, were introduced as court-made rules. This also occurred in the West Bank, but to a lesser extent. These court-made rules also must be compiled, published and compared. Israeli Military Orders and the directives and procedures of the Civil Administration, generally targeted to very specific needs, have not been comprehensive legal reforms and have not always been consistent for both Territories. While many of the older mandate codes, the Jordanian laws and to a certain extent, the Military Orders, have been compiled by one group or another, there has been no systematic effort to collect, compile and publish, in one work, all the laws applicable.

2.44 Due to constantly changing circumstances since 1948, there has been no comprehensive comparison of the laws as between the Territories, particularly for economic and commercial affairs. Such a comparison is needed to identify conflicts and gaps and thereby specify an agenda for harmonization. Finally, for the avoidance of confusion and to build public confidence in a rule of law, the compilation of laws should be published.

2.45 Modernization of the laws is also needed. In many areas, such as business entry and exit, regulation of trade and competition, land use, tax and foreign investment, current laws are perceived as a constraint to economic development. In other areas, such as banking, insurance and securities, laws are lacking or inadequate. Although reform of major laws would have to be based on the results of ongoing Palestinian-Israeli-Jordanian negotiations, there is a need for early reforms, particularly in the area of business entry. Such reform would not compromise those negotiations or pre-determine priorities for regulatory action that should be left for later decisions by Palestinian institutions. Palestinians need to proceed with the formation of companies and the securing of licenses for performance of commercial/industrial activities if they are to assure themselves a fair share of the contracts under upcoming development programs. There is an immediate need to put in place a customer-friendly procedural system which would encourage enterprise formation, ensure that licensing is made according to pre-determined conditions and that these conditions are maintained in accordance with relevant technical/environmental standards.

2.46 In sum, clarification, harmonization and modernization of the laws applicable to both Territories, with immediate priority to economic matters, are prerequisites for the development of the stable and cohesive legal system necessary to foster economic growth.

2.47 **Sector Strategy.** In view of the complexity of the circumstances described above, the overall objectives and strategy of technical assistance in the 1994-1995 period would be to focus on the basics, establishing the foundations for a stable, transparent and popularly accepted legal system capable of encouraging the growth of private sector-led market economy. The practical goals would be the compilation, clarification and harmonization of existing laws, publication of legal information to achieve public awareness and acceptance and modernization of the legal regime as the new system achieves substantive and administrative competency. Compilation and publication of the laws, rules and procedures, itself a formidable task, is a necessary prerequisite to building a solid legal framework for development. At the same time, streamlined business entry and licensing provisions need to be agreed upon and implemented so as to encourage Palestinian participation. It is anticipated that these tasks can be completed in one year.

## **Technical Assistance Priorities**

**2.48** The activities described below would begin in Phase One. The estimated cost of US\$0.8 million covers the first year only. Given the evolutionary nature of the legal regime, it is expected that activities in later phases would be geared more to development of institutional capacity, i.e., the continued building of legal practice skills, human and physical resources. The precise nature of these later activities cannot be described in detail now. However, it is intended that the work done now will establish a base for later work. The compilation, publication and business entry modernization should be done in a manner that permits continued updating.

### **Phase One Activities**

(a) **Legal Inventory and Publication:** the first step would be to compile and inventory all laws in Arabic from all available texts in whatever language available. Particular emphasis in the compilation should be given to business/commercial laws in the following fields: company law; bankruptcy law; contract law; property law; real estate law (including titling, registration, etc.); protection of intellectual property; sureties law (secured transactions, including mortgages, liens, etc.); leasing securities law; law of negotiable instruments (checks, notes, etc.); banking law; private accounting and auditing; financial disclosure requirements and investor protection; insurance; competition law; customs law; tax law; labor law; commercial dispute settlement mechanisms and procedures; public procurement regulations; civil and criminal penalties for violations of business laws; product liability; environmental law; and organization of professions (lawyers, notaries, registrars, accountants, teachers, health workers, etc.). The second step would be to compile an inventory of the available jurisprudence and commentary on the laws compiled. Thereafter consultants would classify the legal measures according to the different areas of substantive law and compare the various measures applicable to each Territory, noting the differences as well as areas where there are gaps; the comparative analysis would include consideration of the institutions (courts, municipal administration, private, non-profit associations, etc.), their existing jurisdiction and procedures; proposed measures for unification of the legal regulation and areas deemed of priorities for regulatory action. Finally, as soon as practicable publication and dissemination of the inventory would commence. This activity could be undertaken in cooperation with the law faculties of one or more universities with strong Middle East resources. Ideally, this activity would be contracted to one institution which would be encouraged to subcontract to obtain the broadest possible mix of skills and experience. The estimated cost of this activity is US\$0.7 million.

(b) **Procedures for Business Entry:** with the assistance of local Palestinians in the municipalities and the Civil Administration and with the advice of local businessmen, consultants would design and recommend simple, speedy and transparent business entry registration and licensing aimed at encouraging simple enterprise formation and operation. They would also make recommendations for and assist in updating and revising the system for registration of business entities. Finally, they would recommend training for Palestinians to administer the streamlined business entry, registration and licensing system. This task would take about four months to complete. It is estimated to cost about US\$50,000. A contingency of US\$50,000 has been included to assist in the equipping and staffing of the proposed licensing/registration office in 1994.

## **Tourism and Cultural and Natural Resources**

**2.49 Sector Strategy.** The Occupied Territories have historically been a major site for local, regional and international tourism in conjunction with religious pilgrimage traditions of the Jewish, Christian and Islamic faiths. Since 1967, the Palestinian share of the tourist market and the number of Arab-owned hotels, tourist agencies and tourist bus companies have remained virtually constant, due to restrictions on licenses issued by the Israeli authorities and an unfavorable investment climate, while the Israeli share has dramatically increased. In 1992, the Higher Council for the Arab Tourist Industry (HCATI) was organized to support and coordinate development of the Arab-owned tourism sector in Gaza and the West Bank. The Palestinian tourist industry has a significant potential for the generation of income and employment in the Gaza and the West Bank if it is developed in a planned manner: that is, fully sensitive to environmental conditions and the conservation of cultural heritage and respectful of local social and religious culture. Over the next three years, the strategy would be to focus efforts on the establishment of an administrative framework for the sector, to set standards and monitor service quality, and to carry out a detailed assessment of the opportunities and constraints to further growth of the sector. This could lead to the creation of a Palestinian Tourist Authority, perhaps based on the HCATI, to form an effective public sector/private sector partnership. The emphasis on tourism planning would focus on avoiding many of the environmental, cultural heritage and social problems that have occurred with development of the tourism sector in Mediterranean countries. In the medium term, emphasis would be given to the support of public and private sector investments to provide the infrastructure for tourism development and privately financed tourist facilities. Because of the crucial role of the local cultural and natural heritage as tourist attractions, particular attention would be devoted to development of a management framework and structure for the conservation of cultural resources, including archeological sites, historical places, areas of significant vernacular architecture and natural parks and protected areas. The Technical Committee for Archeology is expected to coordinate cultural resource management activities.

### **Technical Assistance Priorities**

**2.50** Over the next three years, technical assistance would support the above strategy through the development of an institutional framework for the sector and a detailed plan to resolve the constraints that have hindered past Palestinian investment. The total cost of TA activities is US\$1.2 million, as described in the following paragraphs. TA would also support design of an institutional structure to conserve and manage cultural and natural resources in the OT.

### **Phase One Activities**

(a) **Creation of a Tourism Promotion and Oversight Body:** as a first step, technical assistance will support the development of a Palestinian Tourist Authority, which would provide a cooperative structure for public and private interests to promote and develop this important element of the economy. This activity would carry out a study to design an effective private/public institutional structure, perhaps based on the newly formed Higher Council for the Arab Tourist Industry, which would have the following responsibilities: i) prepare basic policies, legislation and guidelines for sectoral growth; ii) prepare the comprehensive tourism development strategy (see item (b)); iii) coordinate the preparation of promotional literature and activities; (iv) evaluate infrastructure requirements to support the effective development of the tourism industry; (v) lobby on behalf of the industry; vi) assess personnel requirements for the tourism industry and develop plans of action to meet these needs; and vii) recommend measures to minimize the

adverse impact of tourism to the environment, cultural heritage and traditional social values. It is estimated that the cost of this support would be about US\$150,000.

**(b) Comprehensive Tourism Strategy:** as a second step, TA would support preparation of a comprehensive study of the potential for tourism development in Gaza and the West Bank. This study would provide a detailed analysis of constraints and outline a series of alternative tourism development scenarios. The plan would evaluate the actions needed to provide for tourism infrastructure (water, wastewater, solid waste, transportation, etc.); manage and develop tourist destinations, including archaeological and historical sites; resolve the obstacles to private sector tourism investment, such as permits, service standards and taxation; and institute training to develop adequate personnel for the tourism industry at all levels. The preparation of the study would be coordinated with complementary activities supported by the TA program, including the development of an Environmental Action Plan and a Cultural Resources Management Plan. Preparation would be carried out by a joint team of Palestinian and international consultants under the supervision of the HCATI. It is estimated that the study would take 12 months to complete and cost about US\$350,000.

**(c) Cultural Resources Management:** development of an organization for management and conservation of cultural resources in Gaza and the West Bank. As a first phase, this activity would design an institutional structure, basic policies and guidelines as they relate to the preservation and management of cultural resources, an administrative structure and general operating procedures, a preliminary work program, a budgeting and accounting system, a coordination mechanism with municipal governments and other organizations involved with cultural resources management and training in administration, program planning and technical topics for designated personnel. Terms of reference for this activity have been prepared by the Technical Committee for Archaeology, which would coordinate this activity on an interim basis until a cultural resources management organization is officially established and could assume responsibility for its management. It is estimated that the cost of the first phase, including training, would be US\$200,000. The second phase of this activity would compile an inventory of archaeological sites, historical places, areas of significant vernacular architecture and other sites of importance to Palestinian cultural heritage. This inventory would be compiled on a standardized data base and plotted on maps with the use of a geographic information system. The inventory would be based on a field survey focused on a limited number of areas with priority given to those areas under the greatest pressure from public and private development activities, including the redevelopment of land in historic urban areas. It is estimated that the cost of this inventory would be US\$300,000.

## **Phase Two Activity**

**(d) Parks and Protected Area Management Plan:** development of a management plan, institutional capacity and appropriate legislation and policies covering parks and protected areas in Gaza and the West Bank. The system developed by Israeli authorities would be reviewed and recommendations would be made concerning additional areas that may be considered for protection by the Palestinian administration. It would also evaluate which areas would be suitable for potential reforestation and afforestation. It is estimated that the proposed activity would cost US\$200,000.

### **III. Program Implementation and Management**

#### **Implementation Arrangements**

**3.1** The capacity to implement the proposed Emergency Program will be the single most important factor in determining whether the substantial technical and financial assistance being provided by the international community is used effectively and rapidly to achieve the objectives of the Program.

**3.2** The Occupied Territories are unusual in that there are no organized Palestinian self-government bodies outside of the municipalities to decide policies and carry out programs. After 27 years of occupation, the Palestinians understandably wish to assume responsibility for their own affairs, including decision-making responsibility in economic matters. For this reason, the formation of the Palestinian Economic Council for Development and Reconstruction (PECDAR) was announced on November 4, 1993.<sup>5</sup> PECDAR is expected to focus initially on three primary functions: i) formulating economic policy and public expenditure priorities; ii) coordinating and facilitating the flow of external assistance; and iii) managing and monitoring the extensive activities financed through such assistance. An Office of Project Management has been established to supervise the implementation of investment projects by various implementing agencies, and an Office of Technical Assistance and Training has been set-up to handle all TA that is not directly related to project implementation. The Project Management and Technical Assistance Offices are expected to act more as designers of their respective programs in the longer term, than as actual project managers, and to monitor implementing/executing agencies in their contractual performance to actually carry out each TA activity or project. Ideally, these two offices should be one because of the close relationship between TA activities and investment projects in the physical and social infrastructure. As separate offices, they will need to coordinate very closely.

**3.3** How actively and profoundly PECDAR intends to participate in the management of projects in the long run is not known, but, for at least the next few months, its effective capacity to participate actively in management is likely to be rather limited. Moreover, its objective over the longer-term is to guide economic development and monitor specific activities rather than to become immersed in the management of those activities. Thus, if the Palestinian leadership wishes to initiate donor-financed activities quickly, alternative mechanisms must be found, particularly in the short term, beyond the direct management and control of specific projects by PECDAR; mechanisms that satisfactorily balance the understandable desire for domestic political control of the process with the need for effective and efficient project implementation.

**3.4** Fortunately, substantial capacity already exists within the Occupied Territories to carry out the TA activities described in this report. Local bodies (including municipalities, universities, chambers of commerce and other, largely private, entities), UN agencies, local and international NGOs, and the Israeli Civil Administration now exercise varying implementation capacity and authority in their respective spheres of operational responsibility. The future position of the CA is particularly unclear. The CA employs more than 20,000 Palestinian workers and, leaving aside any political issues, could be the foundation of the future civil service. Although some of its departments (agriculture, health and education, for example) seem to be largely managed by Palestinian employees, there are other departments where Israelis now exercise all policy making and decision making authority (for example,

---

**5/** For a description of PECDAR and its expected role and responsibilities, see paras. 4.3-4.11, Volume I.

direct taxation and budgeting). How quickly the CA could become an effective Palestinian civil service is unknown at present, and its implementation capacity, therefore, cannot be taken for granted.

**3.5** The likely slow start-up of PECNDAR, the uncertain future role of the CA, the existence of effective, alternative implementation capacity, and the sheer volume of the work to be done if concrete results are to appear in 1994, suggest that it will be necessary to utilize the existing capacity of multiple implementing agencies, under the umbrella of PECNDAR, as the apex body that sets the overall policy framework and has ultimate responsibility. Alternatives need to be explored.

**3.6** The most practical alternative to deliver the TA Program according to the agreed timetable is to delegate implementation to a number of capable local and international bodies, each with demonstrated capacity in its respective field of operation, accountable to PECNDAR or to its representative. Such bodies include the existing UN agencies that operate in the OT, local and international NGOs and other technically competent organizations that might not be present in the OT but that could mobilize rapidly. The latter would also include Palestinian and non-Palestinian private sector companies, particularly those with substantial Middle Eastern contracting and project management expertise. An effort has been made to identify the most suitable local implementing agency for each TA activity. These agencies are listed in the sectoral tables that constitute Annex 1. In addition, funds will be provided through the ERP to enable PECNDAR to contract with a qualified consulting engineering firm to supervise procurement and monitor the implementation of investment projects for municipal roads and water supply, electricity, solid waste, road transport and telecommunications.

**3.7** This approach is in line with the outline of PECNDAR's proposed operating procedures and reflects a realistic assessment of PECNDAR's direct implementation capacity, especially in the short-term. While it begins the slow process of institution building, PECNDAR needs immediate capacity to sign contracts, receive funds and handle disbursements. Technical assistance is being provided to assist PECNDAR with the installation of financial management and information systems (which can be purchased) and the training of its personnel, and others, in project analysis, project management and international procurement practices (see descriptions in para. 2.29, items d and e).

**3.8** Given the lack of borrower experience with international donor-financed technical assistance activities, and the likelihood of cautious decision-making by a new administration with incomplete governing authority, implementation is expected to begin gradually.

## **Procurement**

**3.9** The TA activities, their estimated costs and expected sources of funding, are described in the appropriate section on each sector and in the sectoral tables in Annex 1. All procurement for activities to be financed by the World Bank-administered Technical Assistance Trust Fund for the Territories would be according to World Bank procurement guidelines, as described in the following paragraphs. Activities within the TA program that may be financed by other donors would be procured according to the respective procurement regulations of each donor.

**3.10** The small amount of equipment and materials to be financed from the TATF funds would be procured in accordance with the Bank's Guidelines for Procurement (May 1992). Manufacturers in the OT competing under international competitive bidding (ICB) would receive a preference in bid evaluation of 15 percent of the CIF price or the prevailing custom duty applicable to nonexempt imports, whichever

is less, provided they can prove that the value added to the product in the Occupied Territories exceeds 20 percent of ex-factory bid price. No civil works are expected to be financed.

**3.11** Equipment and materials to be financed by the TATF will consist of limited numbers of computer systems, peripherals and software, office and classroom equipment, and training aids and related supplies. Contracts for equipment and materials estimated to cost more than US\$200,000 equivalent each will be procured through ICB, using the Bank's Standard Bidding Documents modified to suit the requirements of individual project packages. Contracts for office and classroom equipment and supplies are likely to be won by local suppliers. International shopping with at least three quotations from three eligible countries will be used for contracts estimated to cost less than US\$200,000. Local shopping will be used for off-the-shelf items costing less than US\$50,000 per package.

**3.12** The general policy of the TATF will be to provide financial support for TA activities that result in specific outputs, such as policy and feasibility studies and reports, design and delivery of training programs, the preparation and implementation of specific sectoral investment programs, and the like, and not to finance recurrent costs. (Indeed, a separate specialized trust fund to support the organizational and start-up costs of Palestinian central government authorities is presently being established with donor funds.) With regard to institution-building activities, the TATF will prefer to provide support for the start-up and early operational expenses of a new institution, such as the Palestinian Bureau of Statistics or the Palestine Development Institute, by covering the cost of specific activities being carried out and/or managed by that organization, as well as a reasonable and fair proportion of the organization's start-up and overhead expenses (management, staff administration, equipment purchases, rent and utilities) that are directly related to the delivery of those outputs. Thus, for example, the Trust Fund would propose to provide support for the establishment and operation of the PDI by funding some of the macroeconomic studies rather than by a subvention to PDI's operating costs.

**3.13** The vast majority of TA activities financed by the TATF are expected to be consulting assignments involving both local and international specialist firms and individual consultants. Some will be hired directly by PEC DAR, but most will be engaged by implementing agencies under the supervision of PEC DAR. The selection of consultants will be in accordance with the *Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency*, using a standardized Letter of Invitation (LOI) and the World Bank's Sample Form of Contract for Consultants' Services [or the standard form of contract used when the Bank is the Executing Agency]. The estimated cost of individual consulting assignments would range from US\$1,000 per man-month to as much as US\$20,000 per man-month for a short-term assignment of an internationally recognized expert. The estimated cost of the consulting and project management contracts described in this report ranges from US\$15,000, for a one-month assignment, to US\$4.1 million, for a major multi-year contract to manage the US\$108 million electric power investment program in Gaza and the West Bank. Specific consulting assignments have been described in detail in the sectoral write-ups on TA activities.

**3.14** Because of the unusual economic circumstances of the past 25 years, there are many experienced individual consultants in the OT but few qualified firms or organizations with international experience. In such circumstances, there is a strong general case to link local consultants in assignments with international firms so that they can rapidly gain additional perspective and experience. In subjects such as economics, water, agriculture and transport the expected participation of local consultants in TA project assignments is expected to be high. In other specialist areas, such as electric power or telecommunications, where there has been little Palestinian participation or management of sectoral activities in the past 25 years, foreign consultants are expected to carry out a large part of the work,



although with the maximum local input reasonably possible. In order to build local consulting capacity, it is intended to ensure that available local expertise is used to a maximum, as provided for in the World Bank's Consultant Guidelines. It is expected that local consultants will subcontract with international firms, or participate in consulting alliances or joint ventures. Training services will be obtained mostly through consulting organizations contracted under the TA program or through specialized UN agencies, such as ILO, UNSTAT, UNESCO, UNICEF, UNRWA and UNDP. A particular emphasis of the program will be to direct the design and delivery of training activities through local institutions and companies so that they can develop specializations in specific areas and provide a new level of commercial demand for consulting services that will encourage the formation of consulting firms.

**3.15** Due to the recent establishment of PECDAR, and the lack of international procurement experience among the local agencies that will carry out many of the TA activities, knowledge of international commercial practices and the World Bank's procurement procedures is limited. (A first step to remedy this situation was made with the participation of more than 50 municipality engineers in a procurement seminar sponsored by PECDAR, and delivered by World Bank and ILO procurement specialists, in late January 1994). As a further measure, all procurement activities under the Emergency Rehabilitation Project and TATF-funded technical assistance activities will be coordinated by PECDAR, which will establish a Procurement Unit responsible for: i) coordinating and monitoring all procurement activities of the implementing agencies; ii) taking actions required by the prior or post review provisions of the Grant Agreement; iii) conducting or monitoring all ICB and technical assistance-related procurement; and iv) maintaining the records required for accountability in the use of TATF funds. In these endeavors, the PECDAR Procurement Unit will be assisted by Managing and Procurement consultants satisfactory to the World Bank. To ensure compliance with the World Bank's procurement guidelines, all contracts and all consultant appointments above US\$100,000, will be subject to prior Bank review. All other contracts will be subject to selective ex-post review by World Bank staff. All TORs will be subject to prior World Bank concurrence, irrespective of the contract amount. These limits would result in a prior review of more than 80 percent of total procurement. World Bank staff would review and clear all consultant contracting activities in advance, and substantial staff time would have to be budgeted for procurement-related issues.

**3.16** Procurement information would be collected and recorded as follows:

- (a) Prompt reporting of contract award information by PECDAR.
- (b) Comprehensive quarterly reports to the World Bank by PECDAR indicating:
  - (i) revised cost estimates for individual contracts and TA activities;
  - (ii) revised timing of procurement actions, including advertising, bidding, contract award and completion time for individual contracts; and
  - (iii) compliance with aggregate limits on specific methods of procurement.

## **Monitoring and Evaluation**

**3.17** An annual work plan and budget for the TA program as a whole, based on the estimated budget for each TA activity to be carried out during that period, would be prepared by PECDAR and agreed to by the World Bank. The implementation of these annual work programs would be monitored through quarterly progress reports prepared by PECDAR and by regular supervision missions. The content of the quarterly reports would be agreed at negotiations. As new TA activities are identified and agreed during the course of the 1994-1996 period, work plans and budgets for each activity would be agreed between the implementing agency, PECDAR and the Bank. The first quarterly progress report for the period up to March 31, 1994 would be prepared by April 30, 1994, and at quarterly intervals thereafter, and would be submitted to the World Bank for review. The World Bank would make these and other reports available to the donor agencies that have contributed to the Trust Fund.

**3.18** PECDAR and the World Bank would carry out a joint semi-annual review of progress in implementing the TA program during the previous six months. The first semi-annual review would focus on progress of each component during the previous six months against the work plan, agreement on a revised work plan and budget for the next six months and, would recommend improvements in program design and implementation. Review of the first six month's operations would take place in mid-1994. A final review of program implementation would be held within six months of the end of 1996, or within six months after project completion, whichever comes later. Technical specialists from interested cofinancing agencies would be invited to participate in the performance reviews on an annual basis.

## IV. Program Cost and Funding

### Program Cost

4.1 The estimated cost of the four components of the TA Program is about US\$75 million over the three-year period 1994-1996, as summarized in the following table.

<u>Component</u>	<u>Total Cost</u> US\$ Million
Institution Building & Training	27.0
Project Preparation and Implementation Assistance	29.7
Policy Studies	11.0
Feasibility and Prefeasibility Studies	<u>8.0</u>
Total	75.7

### Program Funding

4.2 The TA program is expected to be funded by some US\$34 million in resources made available through the Technical Assistance Trust Fund for the Territories and collateral consultant trust funds administered by the World Bank, as well as additional funds which may be provided directly by individual donor agencies for specific TA activities.

### Technical Assistance Trust Fund for the Territories

4.3 Thirteen bilateral donors (Austria, Canada, Denmark, Finland, Israel, Italy, Japan, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States) and the European Union have pledged a total of US\$31.6 million to support the technical assistance activities in the OT. Those funds, which are being made available on an untied basis, are being placed in the TA Trust Fund for the Territories, which was formally established by the World Bank's Board of Executive Directors on October 19, 1993. Pledges are awaited from several other countries. The Trust Fund would be administered by the World Bank. Grant Agreements have already been signed covering a total of US\$22 million equivalent. Agreements concerning the balance are presently under review by the donors. In addition, Denmark and Norway have each donated an additional US\$1 million equivalent to the Danish and Norwegian Consultant Trust Funds, respectively, which are administered by the World Bank. These amounts have been earmarked for the provision of technical assistance from those countries to the OT on a tied basis.

4.4 Table 1 shows the current status of pledges made to the Trust Fund since October 1993:

**Table 1**  
**Pledges to the Trust Fund for the Territories**  
(million currency units)

<u>Donor</u>	<u>Amount Pledged</u>		<u>Status of Pledge</u>
	<u>National Currency</u>	<u>US\$ Equivalent</u>	
Austria	ATS 20.0	1.6	Letter of Agreement signed
Canada	CAD 1.5	1.1	Under donor review
Denmark	DKK 6.5 <sup>6</sup>	1.5	Letter of Agreement signed
European Union	ECU 2.0	2.4	Under donor review
Finland	FIM 6.0	1.0	Letter of Agreement signed
Israel	US\$ 2.5	2.5	Under donor review
Italy	ITL 5250	3.0	Letter of Agreement signed
Japan	JP¥62,900	5.0	Letter of Agreement signed
Netherlands	NLG 2.0	1.0	Letter of Agreement signed
Norway	NOK 15.0 <sup>7</sup>	2.0	Letter of Agreement signed
Sweden	SKr 12.0	1.5	Under donor review
Switzerland	SwF 3.0	2.0	Under donor review
United Kingdom	GBP 1.35	2.0	Letter of Agreement signed
United States	US\$ 5.0	5.0	Letter of Agreement signed
<b>Total Pledged</b>		<b><u>31.6</u></b>	

### **Disbursements**

4.5 As a part of the Emergency Assistance Program for the Occupied Territories, the Trust Fund is intended to disburse fully over a three-year period. Given the unusual circumstances of the OT and the need to establish many new institutions when the sources of governmental revenue are still being negotiated, the Trust Fund would finance up to 100 percent of the cost of consulting services and of foreign or locally manufactured equipment. All disbursement applications in respect of contracts above US\$50,000 would need to be fully documented. For contracts valued at less than US\$50,000, disbursements would be made against Statements of Expenditure from a Special Account. Supporting documentation in respect of such expenditures would be retained by PEC DAR for a period of not less than three years for review by World Bank supervision missions and independent auditors

<sup>6/</sup> In addition, Denmark has contributed DKK 6.5 million (US\$1.0 million equivalent) in tied funds, earmarked for use in the OT, to the Danish Consultant Trust Fund at the World Bank.

<sup>7/</sup> In addition, Norway has contributed NOK 7.0 million (US\$1.0 million equivalent) in tied funds, earmarked for use in the OT, to the Norwegian Consultant Trust Fund at the World Bank.

acceptable to the World Bank. Disbursement would be according to the standard terms specified in the *Disbursement Handbook* published by the World Bank and dated 1986.

4.6 To expedite implementation, PECDAR will establish a Special Account at a bank acceptable to the World Bank to be operated as a revolving fund for advances from the Trust Fund. The account would be funded with an initial deposit of US\$1.0 million equivalent from the Trust Fund, on presentation of a withdrawal application, and replenished on a quarterly basis, or more frequently if required. The Deputy Managing Director of PECDAR, as well as the Directors of the Project Management Office, Technical Assistance and Training, and Administration and Finance, are expected to be authorized to operate the Special Account, and to sign the withdrawal applications. Approval of new annual funding commitments to meet annual expenditure forecasts would be contingent on a satisfactory rolling performance review, which would be carried out by the Bank as part of its regular supervision activity.

### **Trust Fund Management and Cost**

4.7 Trust Fund management is expected to be provided by a full-time TATF Coordinator with sufficient administrative and technical support from World Bank staff. Effective support from the World Bank is vital to the successful implementation of the Technical Assistance program, and providing such support will be a labor-intensive business. Although a balance needs to be struck between efficient implementation and ownership, it is expected that the World Bank will need to provide substantial assistance, both in terms of technical inputs (drafting TORs, reviewing proposals, studies, etc.) at the sub-sectoral level, as well as for procurement, especially during the first year, if the TA Program is to be carried out efficiently in the compressed time period envisioned. Thus, the support of technical specialists, amounting to at least two full staff-years annually over the three-year period from the World Bank's technical and sector divisions and departments, has been budgeted. Substantial travel and communications budgets will need to be provided as well, in the expectation that many sectoral specialists will visit the OT in order to develop TA activities or deal with TA implementation issues. In addition, the World Bank will consider the option of stationing one or more World Bank staff members in the OT, to provide rapid, direct, real-time support to Palestinian counterparts on the myriad issues and details of program implementation.

### **Accounting and Auditing**

4.8 The accounts of the Trust Fund would be audited by independent auditors on an annual basis, as is normal World Bank practice for all Bank-administered trust funds. A copy of the audited accounts would be provided to the participating donors each year. In addition, regular progress reports on Trust Fund-financed technical assistance activities and financial reports on the use of aggregate donor funds will be made to the participating donors on at least a semi-annual basis. These reports would be based on regular financial and quarterly progress reports prepared by PECDAR on TATF-financed activities.

### **Donor Coordination**

4.9 In addition to the financial and progress reports to be prepared by the Bank on a regular basis, the Bank expects to coordinate with the Palestinians and the donors participating in the Trust Fund with regard to TA activities on both an informal and formal basis. Regular meetings of the Consultative Group for the Occupied Territories will provide one forum for formal coordination. In addition, participating donors would be invited to join the annual performance review missions.

## **V. Benefits and Risks**

### **Benefits**

**5.1** The most tangible and rapid impact of the Technical Assistance program would be in the preparation of some US\$200 million of physical investments to be initiated in 1994 throughout Gaza and the West Bank. A second important benefit will be broad access for Palestinians to a wide variety of training opportunities. Training is expected to be an integral component of almost all TA activities, even those which are not explicitly designated as training. Whether formal or informal, training will be a major benefit derived from all analytical and implementation-related activities that link Palestinian individuals, firms and institutions to international individuals, companies and governmental and non-governmental bodies. The first TA activity in this program was an international procurement seminar sponsored by PECDAR, and designed and delivered by the World Bank and the ILQ to more than 50 municipality engineers in late January 1994.

**5.2** Somewhat less tangible, but no less important, would be the contribution of the TA program to the establishment of Palestinian institutions. TA activities will facilitate the development of Palestinian capacity for self-government and the rehabilitation and integration of other Palestinian institutions across much of the economy and society, including education and health, water, environment, telecommunications and public administration and economic management. The TA program also targets about 15 percent of its resources on activities to encourage the growth of the private sector. Finally, the program addresses policy issues that have long been vexatious or neglected. Early action is planned to support policy formulation and decision making in areas such as land use regulations and urban planning and development, begin the rehabilitation of the educational system through curriculum reform, and help the new government develop policies in areas where Palestinians for a long time have had little or no authority, including trade, tax, budget, monetary issues and labor.

### **Risks**

**5.3** The proposed TA program will be implemented under highly unusual circumstances. Its implementation faces considerable risks, many of which cannot be avoided. These broad categories of risk, in order of importance, are political, implementation and program-related.

**5.4 Political Risks.** The success of the program requires stability in the OT, steady progress in the bilateral and multilateral negotiations, and a maturation of internal political processes. Instability in the OT would have a major destabilizing impact on program implementation and negotiation delays may directly slow activities which depend on their outcome. However, program success in demonstrating tangible benefits to the Palestinian population, by jump-starting visible, early project preparation activities and the rapid building of Palestinian institutions would reinforce the momentum for peace and thereby facilitate implementation of the Declaration of Principles.

**5.5 Implementation Risks.** Implementation of the program requires the early consolidation of PECDAR, including the appointment of key staff and the establishment of efficient operating systems and procedures, and the appointment of consultants in many sectors to get the highest priority TA activities going. PECDAR's inability to manage the program in a decentralized manner would significantly delay the program. Although the program has been tailored as much as possible to use the available institutional capabilities, any shortfall would have immediate repercussions for the sector concerned, or, in the case of PECDAR, affect the entire program. The likelihood of major shortfalls in implementation capacity occurring across the board appears modest, although sectoral variations could be substantial and capacity constraints may affect individual sub-sectors. The impact would generally be to delay

implementation in those sectors, except in the case of PECDAR. Although every effort is being made to ensure its proper functioning, there remains some risk of major capacity constraints developing in PECDAR.

**5.6 Program Risks.** The final category of risk concerns the likelihood of major deviations from the program as currently designed. Although each of the TA activities has been agreed at the technical level, substantial changes may occur in certain activities, reflecting changing priorities, a reassessment of the objectives to be achieved, but also possibly political objectives and pressures and the availability of external or internal funding. It seems possible that some "political" TA activities could be financed. These risks would diminish if PECDAR operates, as intended, as a technical institution and if its decision-making processes are transparent.

**5.7** The political risks would be significant and difficult to manage. However, success in implementing the program would itself contribute to the success of the peace process and efforts to stabilize the OT. The implementation risks would be minimized by allocating responsibility to existing institutions with known capacity and by contracting competent, internationally recruited consultants to assist PECDAR and the implementing agencies with key tasks. Finally, each TA activity, in principle, would conform to the agreed sector strategy and would be part of the TA program agreed between PECDAR and the World Bank before going ahead. The program is designed to be flexible and will be reassessed each six months in the light of implementation experience and changing priorities as agreed between PECDAR and the World Bank. The World Bank will closely monitor the implementation of specific activities so the risk of unilateral deviations from the program remains low. Moreover, PECDAR and the Bank will keep the participating donors informed of changes in the program on a regular basis.

## **ANNEXES**



## Annex 1: Technical Assistance Program - Activities by Sector

**Table 1: Water Supply and Waste Water**

	ITEM	Proposed Implement. Period	Est. Cost \$ Million	Suggested Implement. Organizations	Phasing *	Trust Fund	Other Sources	Notes
	<b>Institution Building &amp; Training</b>							
1	Institutional Development Specialist	4/94	0.020	PECDAR/Bank	Phase 1	X		
2	Operations and Maintenance Support - Gaza, Nablus, and Hebron	7/94 - 6/96	1.200	UNDP	Phase 1	X	X	TFT/Norway Cofinancing
3	Instit./Organiz. Study for the Creation of Gaza Water & Sewerage Utility	7/94 - 11/94	0.255	PECDAR	Phase 1	X		
4	Needs Analysis and Training Program	1/95 - 12/96	1.640	PECDAR	Phase 2	X	X	Donor Cofinancing Possible
	<b>Project Preparation and Implementation Assistance</b>							
5	Project Preparation Facility Including Well Rehabilitation	4/94 - 9/94	1.110	PECDAR	Phase 1	X		
6	Water And Urban Roads Project Management Implementation Unit	7/94 - 3/96	2.300	PECDAR/RPIU	Phase 1			Financed By ERP
	<b>Policy Studies</b>							
7	Water Resources Management Study	1/94 - 6/95	0.680	UNDP	Phase 1		X	UNDP & Canada Funding
8	Water and Sewerage Utilities Study - West Bank	7/95 - 12/95	0.280	GTZ/PECDAR	Phase 2		X	GTZ Funding
	<b>Feasibility Studies</b>							
9	Waste Water Treatment & Reuse Strategy-Study (A)& Im. omentation(B)	6/94 - 4/95	0.405	PECDAR/Bank	Phase 1	X		Candidates Identified
10	Ramallah Sewerage Master Plan	7/94 - 11/94	0.285	UNDP/JWU	Phase 1		X	FINNIDA Funding
11	Study of Viability of Dirt Dams in Jericho Area	1/96 - 6/96	0.200	Pal. Hydro.	Phase 3		X	
12	Sewerage & Drainage Studies-Refugee Camps & Urban Areas-WB & Gaza	Unknown	1.300	UNRWA/UNDP	Undecided		X	Several Studies
	<b>Total Technical Assistance</b>		<b>9.655</b>					

05-Apr-94

\* "Phase 1" : Initiate in 1994, "Phase 2" : Initiate in 1995, "Phase 3" : Initiate in 1996.

## Annex 1: Technical Assistance Program - Activities by Sector

**Table 2: Electric Power**

	ITEM	Proposed Implement. Period	Est. Cost \$ Million	Suggested Implement. Organizations	Phasing *	Trust Fund	Othr. Srce.	Notes
	<b>Institution Building &amp; Training</b>							
1	Management/Staff Training Gaza And West Bank	1995 - 1996	1.000		Phase 2		X	Could Be Financed By ERP
	<b>Project Preparation and Implementation Assistance</b>							
2	Gaza And West Bank Project Preparation	6/94 - 10/94	1.300	JEDCO	Phase 1	X		
3	Project Management Implementation Unit	7/94 - 10/96	4.100	PECDAR /PIU	Phase 1		X	
	<b>Policy Studies</b>							
4	Joint Institutional & Regulatory Study w/Telecom & Postal Services	7/94 - 12/94	(0.850)	PECDAR	Phase 1	X		
	<b>Feasibility Studies</b>							
5	Power System Expansion Study	1/95 - 6/95	1.000	PECDAR	Phase 2	X		
	<b>Total Technical Assistance</b>		<b>7.400</b>					

05-Apr-94

\* "Phase 1" : initiate in 1994, "Phase 2" : initiate in 1995, "Phase 3" : initiate in 1996.

### Annex 1: Technical Assistance Program - Activities by Sector

**Table 3: Telecommunications**

	ITEM	Proposed Implement. Period	Est. Cost \$ Million	Suggested Implement. Organizations	Phasing *	Trust Fund	Other Sources	Notes
	<b>Institution Building &amp; Training</b>							
1	Training for Telecommunications Operations and Maintenance	5/94 - 7/94	0.330	Undecided	Phase 1	(X)	(X)	Donor Funding Possible
	<b>Project Preparation and Implementation Assistance</b>							
2	Prepare Bidding Document for Jericho Exchange	5/94 - 6/94	0.015	Consultant	Phase 1	X		
3	Management Contract	7/94 - 6/96	2.000	PECDAR	Phase 1	X		
	<b>Policy Studies</b>							
4	Joint Institutional & Regulatory Study with Electric Power & Post	7/94 - 12/94	0.850	PECDAR	Phase 1	X		
	<b>Feasibility Studies</b>							
	<b>Total Technical Assistance</b>		<b>3.195</b>					

05-Apr-94

\* "Phase 1" : Initiate in 1994, "Phase 2" : Initiate in 1995, "Phase 3" : Initiate in 1996, "(X)" indicates possible cofinancing.

## Annex 1: Technical Assistance Program - Activities by Sector

**Table 4: Transportation**

ITEM	Proposed Implement. Period	Est. Cost \$ Million	Suggested Implement. Organizations	Phasing *	Trust Fund	Other Sources	Notes
<b>Institution Building &amp; Training</b>							
1 Road Maintenance And Rehab. Study Incl. Institutional Framework	7/94 - 12/94	0.800	PECDAR/RPIU	Phase 1		X	Financed By ERP
2 Training For Contractors/Engineers And Consultants	7/94 - 12/95	0.350	RPIU/Nejah Univ.	Phase 1		X	Financed By ERP
<b>Project Preparation and Implementation Assistance</b>							
3 Road Program Implementation Unit (RPIU)	7/94 - 6/96	2.050	PECDAR/RPIU	Phase 1		X	Financed By ERP
4 Preparation of Immediate Road Rehabilitation Program	5/94 - 8/94	0.600	PECDAR	Phase 1	X		Norwegian CTF
5 Design of Village Roads Program	1/95 - 6/95	0.300	RPIU	Phase 2		X	Financed By ERP
<b>Policy Studies</b>							
6 Long Term Transport Plan	1/95 - 12/95	1.000	Undecided	Phase 2	X		
<b>Feasibility Studies</b>							
7 Gaza Port Pre-feasibility Study	3/95 - 12/95	0.300	PECDAR	Phase 2		X	
8 Civil Aviation Feasibility Study of Qalandia Airport	n.a.**	0.500	PECDAR	n.a.**		X	
9 Jordan River Bridge Feasibility Study	n.a.**	0.100	PECDAR	n.a.**		X	
10 Measures to Improve Movement Between The West Bank & Gaza	n.a.**	0.300	PECDAR	n.a.**		X	
<b>Total Technical Assistance</b>		<b>6.300</b>					

05-Apr-94

\* "Phase 1" : Initiate in 1994, "Phase 2" : Initiate in 1995, "Phase 3" : Initiate in 1996.

\*\* Depends on progress of bilateral negotiations.

## Annex 1: Technical Assistance Program - Activities by Sector

**Table 5: Urban and Municipal Development**

	ITEM	Proposed Implement. Period	Est. Cost \$ Million	Suggested Implement. Organizations	Phasing *	Trust Fund	Other Sources	Notes
	<b>Institution Building &amp; Training</b>							
	<b>Project Preparation and Implementation Assistance</b>							
	1 Short-term Specialist Consultants for Municipalities	4/84 - 3/96	0.700	Municipalities	Phase 1	X		
	2 Design and Implementation Consultants	4/84 - 3/96	0.800	Municipalities	Phase 1	X		
	3 Municipal Roads Implementation Supervision	1994 - 1995	2.100	PECDAR	Phase 1		X	Financed by ERP
	<b>Policy Studies</b>							
	4 Urban Development, Planning & Management	1994	0.800	Undecided	Phase 1	X		
	<b>Feasibility Studies</b>							
	6 Municipal Traffic Mngmnt Studies: Bethlehem, Gaza, Nablus, Ramallah	1/95 - 12/95	1.000	RPIU	Phase 2	(X)	(X)	
	<b>Total Technical Assistance</b>		<b>5.400</b>					

05-Apr-94

\* "Phase 1" : Initiate in 1994, "Phase 2" : Initiate in 1995, "Phase 3" : Initiate in 1996, "( )" indicates possible cofinancing.

## Annex 1: Technical Assistance Program - Activities by Sector

**Table 6: Environment**

	ITEM	Proposed Implement. Period	Est. Cost \$ Million	Suggested Implement. Organizations	Phasing *	Trust Fund	Other Sources	Notes
	<b>Institution Building &amp; Training</b>							
1	Environmental Management Framework - Parts A + B	9/94 - 12/96	0.500	PEPA	Phase 1		X	Dutch Funding
2	Environmental Assessment Procedures	4/94 - 12/94	0.100	PEPA	Phase 1	X		
3	Design Gaza Ground Water Monitoring System	1/94 - 1/95	0.300	UNDP	Phase 1		X	UNDP Starting 1/94
4	Design of Environmental Standards and Monitoring System	9/94 - 6/95	0.300	PEPA	Phase 1		X	Donor Funding Possible
5	Environmental Action Plan - West Bank	7/94 - 6/95	0.700	PEPA	Phase 2		X	Dutch Fund. - Gaza Ongoing
6	Environmental Information Center	12 mos	0.500	PEPA	Undecided		X	Donor Funding Likely
	<b>Project Preparation and Implementation Assistance</b>							
7	Environmental Education and Awareness Program	1/95 - 12/96	0.500	PEPA	Phase 2		X	Dutch Project Covers
8	Implement Gaza Ground Water Management Plan & Monitoring Program	1/95 - 12/96	2.000	UNDP	Phase 2		X	UNDP Starting 1/94
9	Implement Monitoring, Labs and Data Program	4/95 - 12/96	2.000	PECDAR	Phase 2		X	
	<b>Policy Studies</b>							
10	Natural Resources Management Study	1/96 - 6/96	0.400	Undecided	Phase 3		X	
11	Coastal Zone Management Plan/Oil Spill Contingency Plan	18 mos	0.400	PEPA	Undecided		X	Possible METAP II Funding
	<b>Feasibility Studies</b>							
	<b>Total Technical Assistance</b>		<b>7.700</b>					

05-Apr-94

\* "Phase 1" : Initiate in 1994, "Phase 2" : Initiate in 1995, "Phase 3" : Initiate in 1996.

## Annex 1: Technical Assistance Program - Activities by Sector

**Table 7: Solid Waste**

	ITEM	Proposed Implement. Period	Est. Cost \$ Million	Suggested Implement. Organizations	Phasing *	Trust Fund	Other Sources	Notes
	<b>Institution Building &amp; Training</b>							
1	Study of Institutional, Financial & Privatization Arrangements	1995	0.510	Undecided	Phase 2	X		
	<b>Project Preparation and Implementation Assistance</b>							
2	Translation & Env. Reports for 5 Designed Landfill & Transfer Stations	7/94 - 9/94	0.085	Undecided	Phase 1	X		
3	Project Management Implementation Support	7/94 - 6/96	1.500	PECDAR/PIU	Phase 1	(X)	(X)	Donor Funding Possible
	<b>Policy Studies</b>							
4	Develop Planning Baseline, Conduct One City Master Plan	7/94 - 6/95	0.690	Undecided	Phase 1		X	Donor Funding Possible
	<b>Feasibility Studies</b>							
5	Siting, Design & Env. Reprts. for Remaining 8 Landfills & Transfer Station	1996	1.000	Undecided	Undecided		X	
6	Recycling, Resource Recovery and Composting Study	1996	0.220	Undecided	Phase 3		X	Donor Funding Possible
7	Special Waste Study	1996	0.390	Undecided	Undecided		X	Donor Funding Possible
	<b>Total Technical Assistance</b>		<b>4.395</b>					

05-Apr-94

\* "Undecided" : Timing depends on land acquisition, "Phase 1" : initiate in 1994, "Phase 2" : initiate in 1995, "Phase 3" : initiate in 1996, "( )" indicates possible cofinancing.

## Annex 1: Technical Assistance Program - Activities by Sector

**Table 8: Education**

ITEM	Proposed Implement. Period	Est. Cost \$ Million	Suggested Implement. Organizations	Phasing *	Trust Fund	Other Sources	Notes
<b>Institution Building &amp; Training</b>							
1 Creation of a Pedagogic Institute & Curricular Framework	1/95 - 12/96	2.250	BirZeit	Phase 2	(X)	(X)	Partial UNESCO/Italy Funding
2 Task Force for Vocational Education	1/95 - 6/96	0.750	HCE	Phase 2		X	Possible UNESCO/ILO Funding
3 Organizational Options For A Palestinian Education Authority	3/94 - 12/94	0.200	HCE	Phase 1	(X)	(X)	Partial UNESCO Funding Offered
<b>Project Preparation and Implementation Assistance</b>							
4 Project Preparation Consultants	1994 - 1995	1.200	PECDAR	Phase 1		X	Financed by ERP
<b>Policy Studies</b>							
5 School Mapping Study	3/94 - 9/94	0.180	UNESCO/UNDP	Phase 1		X	Partial UNESCO Funding
<b>Feasibility Studies</b>							
6 Pre-feasibility Study For Remedial Education For Children	5/94 - 9/94	0.050	UNESCO/UNICEF/HCE	Phase 1		X	UNESCO/UNICEF Funding Possible
<b>Total Technical Assistance</b>		<b>4.630</b>					

05-Apr-94

\* "Phase 1" : Initiate in 1994, "Phase 2" : Initiate in 1995, "Phase 3" : Initiate in 1996, "( )" indicates possible cofinancing.



## Annex 1: Technical Assistance Program - Activities by Sector

**Table 9: Health**

	ITEM	Proposed Implement. Period	Est. Cost ↓ Million	Suggested Implement. Organizations	Phasing *	Trust Fund	Other Sources	Notes
	<b>Institution Building &amp; Training</b>							
1	Design and Implementation of A Health Insurance Scheme	7/94 - 7/95	1.250	PHC	Phase 1		X	USAID Funding Agreed
2	Institutional and Regulatory Framework for the Sector	1/95 - 12/95	0.750	PHC	Phase 2	X		
	<b>Project Preparation and Implementation Assistance</b>							
	<b>Policy Studies</b>							
3	Harmonize UNRWA & Civil Administration Public Health Services	7/94 - 6/95	1.000	UNRWA/PHC	Phase 1	X		
	<b>Feasibility Studies</b>							
	<b>Total Technical Assistance</b>		<b>3.000</b>					

75

05-Apr-94

\* "Phase 1" : Initiate in 1994, "Phase 2" : Initiate in 1995, "Phase 3" : Initiate in 1996.

## Annex 1: Technical Assistance Program - Activities by Sector

**Table 10: Economic Management**

	ITEM	Proposed Implement. Period	Est. Cost \$ Million	Suggested Implement. Organizations	Phasing *	Trust Fund	Other Sources	Notes
	<b>Institution Building &amp; Training</b>							
1	Aid Management Information System	2/94 - 4/94	0.190	UNDP/PECDAR	Phase 1		X	UNDP Funding Agreed
2	Establish PECDAR Accounting System and Disbursement Procedures	1/94 - 3/94	0.060	PECDAR	Phase 1	X		
3	Budget, Tax, Treasury, Public Investment, Aid Coordination Advisors	1/94 - 12/95	2.400	PECDAR	Phase 1		X	IMF - EU Funding Likely
4	Training in Budget, Tax, Treasury	1994	0.180	PECDAR	Phase 1		X	IMF - EU Funding Likely
5	National Income Accounts	1994	0.400	PBS	Phase 1	(X)	(X)	
6	Training in International Procurement	1/94 - 5/94	0.075	IBRD/ILO	Phase 1	X		Jerusalem and Turin Sessions
7	Palestinian Bureau of Statistics - Organizational Support	1994	0.250	PBS/UNDP	Phase 1	(X)	(X)	Multi-donor Funding Possible
8	Training For Palestinian Managers in Civil Administration	1995 - 1996	1.500	PECDAR	Phase 2	X		
9	Training in Project Analysis and Project Management	6/94 - 12/94	0.200	EDU/PECDAR	Phase 1	X		
10	Palestine Development Institute - Organizational Support	1994	0.200	PDI	Phase 1	X		
11	PECDAR - First Year Organizational Support	1994	3.000	PECDAR	Phase 1	X		
	<b>Project Preparation and Implementation Assistance</b>							
12	Public Information Strategy	1995	0.250	PECDAR	Phase 2		X	
13	Census Implementation	1995 - 1996	4.700	PBS	Phase 2		X	Multi-donor Funding Possible
	<b>Policy Studies</b>							
14	Public Administration Task Force	1994	0.400	PECDAR	Phase 1	X		
15	Civil Service Task Force	1994	0.200	PECDAR	Phase 1	X		
16	Macroeconomic Studies: Palestine Development Institute	1994 - 1996	0.600	PDI	Phase 1-3	(X)	(X)	
17	Socio-Economic Survey: Living Standards Measurement Survey	1995 - 1996	0.700	PBS	Phase 2		X	Donor Funding Possible
	<b>Feasibility Studies</b>							
18	Census Preparation	1994	0.300	PBS/UNDP	Phase 1	X		
	<b>Total Technical Assistance</b>		<b>15.595</b>					

\* "Phase 1" : Initiate in 1994, "Phase 2" : Initiate in 1995, "Phase 3" : Initiate in 1996, "( )" indicates possible cofinancing.

## Annex 1: Technical Assistance Program - Activities by Sector

**Table 11: Financial Management, Accounting and Auditing**

ITEM	Proposed Implement. Period	Est. Cost \$ Million	Suggested Implement. Organizations	Phasing *	Trust Fund	Other Sources	Notes
Institution Building & Training							
1 Train Public Sector in Financial Management	1/95 - 12/96	0.875	PECDAR	Phase 2		X	
2 Train Government Auditors	7/94 - 12/94	0.500	PECDAR	Phase 1		X	
3 Upgrade Private Sector Auditing and Accounting Profession	9/94 - 12/94	0.125	PECDAR	Phase 1		X	
Project Preparation and Implementation Assistance							
Policy Studies							
4 Design Model Struct. of Centrl. Accting. Int./Ext. Controls & Stand.	7/94 - 12/94	0.400	PECDAR	Phase 1	X		
5 Uniform Accting Sys. for Municipalities & Financial Situation et 12/93	7/94 - 10/94	0.250	UNDP	Phase 1		X	UNDP Funding Agreed
Feasibility Studies							
<b>Total Technical Assistance</b>		<b>2.150</b>					

05-Apr-94

\* "Phase 1": Initiate in 1994, "Phase 2": Initiate in 1995, "Phase 3": Initiate in 1996.

## Annex 1: Technical Assistance Program - Activities by Sector

**Table 12: Agriculture and Fisheries**

	ITEM	Proposed Implement. Period	Est. Cost \$ Million	Suggested Implement. Organizations	Phasing *	Trust Fund	Other Sources	Notes
	<b>Institution Building &amp; Training</b>							
1	Institutional and Sectoral Policy Study	7/94 - 12/94	0.500	Undecided	Phase 1	X		
	<b>Project Preparation and Implementation Assistance</b>							
	<b>Policy Studies</b>							
2	Agricultural Trade Study	1/95 - 3/95	0.200	Undecided	Phase 2		X	
	<b>Feasibility Studies</b>							
3	Olive Production/Processing	1/95 - 12/95	0.200	University	Phase 2		X	
4	Feasibility of Fish Culture, Followed by Pilot Study	1/95 - 6/96	0.400	PARC	Phase 2		X	
	<b>Total Technical Assistance</b>		<b>1.300</b>					

05-Apr-94

\* "Phase 1" : Initiate in 1994, "Phase 2" : Initiate in 1995, "Phase 3" : Initiate in 1996.

78

## Annex 1: Technical Assistance Program - Activities by Sector

**Table 13: Financial Sector**

	ITEM	Proposed Implement. Period	Est. Cost \$ Million	Suggested Implement. Organizations	Phasing *	Trust Fund	Other Sources	Notes
	<b>Institution Building &amp; Training</b>							
1	Creation of Unified Legal and Regulatory Framework	6/94 - 12/94	0.250	Undecided	Phase 1		X	Donor Funding Possible
2	Design and Establish Palestinian Monetary and Banking Authority & Trng.	6/94 - 12/94	0.250	Undecided	Phase 1		X	Donor Funding Possible
	<b>Project Preparation and Implementation Assistance</b>							
3	Creation of Palestinian Development Bank	Early 1994	0.100	Undecided	Phase 1	X		
	<b>Policy Studies</b>							
	<b>Feasibility Studies</b>							
	<b>Total Technical Assistance</b>		<b>0.600</b>					

05-Apr-94

\* "Phase 1" : Initiate in 1994, "Phase 2" : Initiate in 1995, "Phase 3" : Initiate in 1996.

## Annex 1: Technical Assistance Program - Activities by Sector

**Table 14: Housing**

ITEM	Proposed Implement. Period	Est. Cost \$ Million	Suggested Implement. Organizations	Phasing *	Trust Fund	Other Sources	Notes
<b>Institution Building &amp; Training</b>							
1 Seminars on Housing Policy	1995	0.400	EDM/PECDAR	Phase 2	X		
<b>Project Preparation and Implementation Assistance</b>							
<b>Policy Studies</b>							
2 Land Use Regulations	5/94 - 2/95	0.275	PECDAR	Phase 1	X		
3 Housing Policy and Institutional Development	7/94 - 6/95	1.000	PECDAR	Phase 1		X	Covered By USAID Program
4 Housing Finance Study and Training	7/94 - 12/94	0.780	PECDAR	Phase 1	(X)	(X)	
<b>Feasibility Studies</b>							
<b>Total Technical Assistance</b>		<b>2.425</b>					

06-Apr-94

\* "Phase 1" : Initiate in 1994, "Phase 2" : Initiate in 1995, "Phase 3" : Initiate in 1996, "( )" indicates possible cofinancing.

### Annex 1: Technical Assistance Program - Activities by Sector

**Table 15: Legal Affairs**

	ITEM	Proposed Implement. Period	Est. Cost \$ Million	Suggested Implement. Organizations	Phasing *	Trust Fund	Other Sources	Notes
	<b>Institution Building &amp; Training</b>							
1	Legal Inventory and Publication	1994	0.700	Undecided	Phase 1	X		
	<b>Project Preparation and Implementation Assistance</b>							
	<b>Policy Studies</b>							
	<b>Feasibility Studies</b>							
2	Procedures for Business Entry	1994	0.100	Undecided	Phase 1	X		
	<b>Total Technical Assistance</b>		<b>0.800</b>					

18

05-Apr-94

\* "Phase 1" : Initiate in 1994, "Phase 2" : Initiate in 1995, "Phase 3" : Initiate in 1996.

### Annex 1: Technical Assistance Program - Activities by Sector

**Table 16: Tourism and Cultural and Natural Resources**

	ITEM	Proposed Implement. Period	Est. Cost \$ Million	Suggested Implement. Organizations	Phasing *	Trust Fund	Other Sources	Notes
	<b>Institution Building &amp; Training</b>							
1	Cultural Resources Management Framework and Inventory	7/94 - 12/96	0.500	Comm. Arch.	Phase 1	(X)	(X)	UNESCO/Donor Funding Possible
2	Tourism Development Authority and Development Plan	6/94 - 12/95	0.500	HCAT/	Phase 1	(X)	(X)	Donor Funding Possible
3	Parks and Protected Area Management Plan	1/95 - 12/95	0.200	PEPA	Phase 2		X	
	<b>Project Preparation and Implementation Assistance</b>							
	<b>Policy Studies</b>							
	<b>Feasibility Studies</b>							
	<b>Total Technical Assistance</b>		<b>1.200</b>					

05-Apr-94

\* "Phase 1" : Initiate in 1994, "Phase 2" : Initiate in 1995, "Phase 3" : Initiate in 1996, "( )" indicates possible cofinancing.



**Annex 2a: TA ACTIVITIES BY SECTOR AND TYPE OF ACTIVITY: 1994 - 1996**

(US \$ million)

<b>Sector</b>	<b>Institution Building</b>	<b>Project Preparation</b>	<b>Policy Studies</b>	<b>Feasibility Studies</b>	<b>Total</b>
<b>INFRASTRUCTURE</b>					
Electric Power	1.000	5.400	0.000	1.000	7.400
Environment	2.400	4.500	0.800	0.000	7.700
Solid Waste	0.510	1.585	0.690	1.610	4.395
Telecommunications	0.330	2.015	0.850	0.000	3.195
Transportation	1.150	2.950	1.000	1.200	6.300
Urban and Municipal Development	0.000	3.600	0.800	1.000	5.400
Water and Sanitation	3.115	3.410	0.940	2.190	9.655
<b>Sub-total</b>	<b>8.505</b>	<b>23.460</b>	<b>5.080</b>	<b>7.000</b>	<b>44.045</b>
<b>ECONOMIC &amp; FINANCIAL MANAGEMENT</b>					
Economic Management	8.445	4.950	1.900	0.300	15.595
Financial Management, Accounting and Auditing	1.500	0.000	0.650	0.000	2.150
<b>Sub-total</b>	<b>9.945</b>	<b>4.950</b>	<b>2.550</b>	<b>0.300</b>	<b>17.745</b>
<b>HUMAN RESOURCES</b>					
Education	3.200	1.200	0.180	0.050	4.630
Health	2.000	0.000	1.000	0.000	3.000
<b>Sub-total</b>	<b>5.200</b>	<b>1.200</b>	<b>1.180</b>	<b>0.050</b>	<b>7.630</b>
<b>PRIVATE SECTOR</b>					
Agriculture and Fisheries	0.500	0.000	0.200	0.600	1.300
Financial Sector	0.500	0.100	0.000	0.000	0.600
Housing	0.400	0.000	2.025	0.000	2.425
Legal Affairs	0.700	0.000	0.000	0.100	0.800
Tourism and Cultural and Natural Resources	1.200	0.000	0.000	0.000	1.200
<b>Sub-total</b>	<b>3.300</b>	<b>0.100</b>	<b>2.225</b>	<b>0.700</b>	<b>6.325</b>
<b>GRAND TOTAL</b>	<b>26.950</b>	<b>29.710</b>	<b>11.035</b>	<b>8.050</b>	<b>75.745</b>

**Annex 2b: TA ACTIVITIES BY SECTOR AND IMPLEMENTATION PHASE: 1994 - 1996**

**(US \$ million)**

<b>Sector</b>	<b>Phase 1</b>	<b>Phase 2</b>	<b>Phase 3</b>	<b>Undecided/ N.A.</b>	<b>Total</b>
<b>INFRASTRUCTURE</b>					
Electric Power	5.400	2.000	0.000	0.000	7.400
Environment	1.200	5.200	0.400	0.900	7.700
Solid Waste	2.275	0.510	0.220	1.390	4.395
Telecommunications	3.195	0.000	0.000	0.000	3.195
Transportation	3.800	1.800	0.000	0.900	6.300
Urban and Municipal Development	4.400	1.000	0.000	0.000	5.400
Water and Sanitation	6.255	1.900	0.200	1.300	9.655
<b>Sub-total</b>	<b>26.525</b>	<b>12.210</b>	<b>0.820</b>	<b>4.490</b>	<b>44.045</b>
<b>ECONOMIC &amp; FINANCIAL MANAGEMENT</b>					
Economic Management	8.445	7.150	0.000	0.000	15.595
Financial Management, Accounting and Auditing	1.275	0.875	0.000	0.000	2.150
<b>Sub-total</b>	<b>9.720</b>	<b>8.025</b>	<b>0.000</b>	<b>0.000</b>	<b>17.745</b>
<b>HUMAN RESOURCES</b>					
Education	1.630	3.000	0.000	0.000	4.630
Health	2.250	0.750	0.000	0.000	3.000
<b>Sub-total</b>	<b>3.880</b>	<b>3.750</b>	<b>0.000</b>	<b>0.000</b>	<b>7.630</b>
<b>PRIVATE SECTOR</b>					
Agriculture and Fisheries	0.500	0.800	0.000	0.000	1.300
Financial Sector	0.600	0.000	0.000	0.000	0.600
Housing	2.025	0.400	0.000	0.000	2.425
Legal Affairs	0.800	0.000	0.000	0.000	0.800
Tourism and Cultural and Natural Resources	1.000	0.200	0.000	0.000	1.200
<b>Sub-total</b>	<b>4.925</b>	<b>1.400</b>	<b>0.000</b>	<b>0.000</b>	<b>6.325</b>
<b>GRAND TOTAL</b>	<b>45.050</b>	<b>25.385</b>	<b>0.820</b>	<b>4.490</b>	<b>75.745</b>

## Annex 3: Technical Assistance Program by Type of Activity

### Table 1: Institution Building Activities

No.	Item	Sect	Description	Date	US \$ mn	Impl. Agency	Phasing
1	IB	AG	Institutional and Sectoral Policy Study	7/94 - 12/94	0.500	Undecided	Phase 1
2	IB	ED	Creation of a Pedagogic Institute & Curricular Framework	1/95 - 12/96	2.250	BirZeit	Phase 2
3	IB	ED	Task Force for Vocational Education	1/95 - 6/96	0.750	HCE	Phase 2
4	IB	ED	Organizational Options For A Palestinian Education Authority	3/94 - 12/94	0.200	HCE	Phase 1
5	IB	EM	Aid Management Information System	2/94 - 4/94	0.190	UNDP/PECDAR	Phase 1
6	IB	EM	Establish PECDAR Accounting System And Disbursement Procedures	1/94 - 3/94	0.050	PECDAR	Phase 1
7	IB	EM	Budget, Tax, Treasury, Public Investment, Aid Coordination Advisors	1/94 - 12/95	2.400	PECDAR	Phase 1
8	IB	EM	Training in Budget, Tax, Treasury	1994	0.180	PECDAR	Phase 1
9	IB	EM	National Income Accounts	1994	0.400	PBS	Phase 1
10	IB	EM	Training In International Procurement	1/94 - 5/94	0.076	IBRD/ILO	Phase 1
11	IB	EM	Palestinian Bureau of Statistics - Organizational Support	1994	0.250	PBS/UNDP	Phase 1
12	IB	EM	Training For Palestinian Managers In Civil Administration	1995 - 1996	1.500	PECDAR	Phase 2
13	IB	EM	Training in Project Analysis and Project Management	6/94 - 12/94	0.200	EDI/PECDAR	Phase 1
14	IB	EM	Palestine Development Institute - Organizational Support	1994	0.200	PDI	Phase 1
15	IB	EM	PECDAR - First Year Organizational Support	1994	3.000	PECDAR	Phase 1
16	IB	EN	Environmental Management Framework - Parts A+B	9/94 - 12/96	0.500	PEPA	Phase 1
17	IB	EN	Environmental Assessment Procedures	4/94 - 12/94	0.100	PEPA	Phase 1
18	IB	EN	Design Gaza Ground Water Monitoring System	1/94 - 1/96	0.300	UNDP	Phase 1
19	IB	EN	Design of Environmental Standards and Monitoring System	9/94 - 6/95	0.300	PEPA	Phase 1
20	IB	EN	Environmental Action Plan - West Bank	7/94 - 6/95	0.700	PEPA	Phase 2
21	IB	EN	Environmental Information Center	12 mos.	0.500	PEPA	Undecided
22	IB	EP	Management/Staff Training Gaza and West Bank	1995 - 1996	1.000		Phase 2
23	IB	FM	Train Public Sector In Financial Management	1/95 - 12/96	0.875	PECDAR	Phase 2
24	IB	FM	Train Government Auditors	7/94 - 12/94	0.500	PECDAR	Phase 1
25	IB	FM	Upgrade Private Sector Auditing & Accounting Profession	9/94 - 12/94	0.125	PECDAR	Phase 1
26	IB	FS	Creation of Unified Legal and Regulatory Framework	6/94 - 12/94	0.250	Undecided	Phase 1
27	IB	FS	Design & Establish Palestinian Monetary & Banking Authority and Training	6/94 - 12/94	0.250	Undecided	Phase 1
28	IB	HT	Design and Implementation of A Health Insurance Scheme	7/94 - 7/95	1.250	PHC	Phase 1
29	IB	HT	Institutional & Regulatory Framework for the Sector	1/95 - 12/95	0.750	PHC	Phase 2
30	IB	HU	Seminars on Housing Policy	1995	0.400	EDI/PECDAR	Phase 2
31	IB	LG	Legal Inventory and Publication	1994	0.700	Undecided	Phase 1
32	IB	SW	Study of Institutional, Financial & Privatization Arrangements	1995	0.510	Undecided	Phase 2
33	IB	TC	Cultural Resources Management Framework and Inventory	7/94 - 12/96	0.500	Comm.Arch.	Phase 1
34	IB	TC	Tourism Development Authority & Development Plan	6/94 - 12/95	0.500	HCATI	Phase 1
35	IB	TC	Parks and Protected Area Management Plan	1/95 - 12/95	0.200	PEPA	Phase 2
36	IB	TL	Training for Telecommunications Operations and Maintenance	5/94 - 7/94	0.330	Undecided	Phase 1
37	IB	TR	Road Maintenance and Rehabilitation Study Including Institutional Framework	7/94 - 12/94	0.800	PECDAR/RPIU	Phase 1
38	IB	TR	Training For Contractors/Engineers And Consultants	7/94 - 12/95	0.350	RPIU/Nejah Univ.	Phase 1
39	IB	WS	Institutional Development Specialist	4/94	0.020	PECDAR/Bank	Phase 1
40	IB	WS	Operations and Maintenance Support - Gaza, Nablus and Hebron	7/94 - 6/96	1.200	UNDP	Phase 1
41	IB	WS	Instit./Organiz. Study for the Creation of Gaza Water & Sewerage Utility	7/94 - 1/94	0.255	PECDAR	Phase 1
42	IB	WS	Needs Analysis and Training Program Implementation	1/95 - 12/96	1.640	PECDAR	Phase 2
<b>TOTAL</b>					<b>26.950</b>		

#### KEY:

AG: Agriculture and Fisheries  
 ED: Education  
 EN: Environment  
 EM: Economic Management  
 EP: Electric Power  
 FM: Financial Management  
 FS: Financial Services  
 HT: Health

HU: Housing  
 LG: Legal Affairs  
 SW: Solid Waste  
 TC: Tourism, Cultural and Natural Resources  
 TL: Telecommunications  
 TR: Transportation  
 UD: Urban and Municipal Development  
 WS: Water Supply & Waste Water

### Annex 3: Technical Assistance Program by Type of Activity

**Table 2: Project Preparation and Implementation Activities**

No.	Item	Sect	Description	Date	US \$ mn	Impl. Agency	Phasing
1	PI	ED	Project Preparation Consultants	1994 - 1995	1.200	PECDAR	Phase 1
2	PI	EM	Public Information Strategy	1995	0.250	PECDAR	Phase 2
3	PI	EM	Census Implementation	1995 - 1996	4.700	PBS	Phase 2
4	PI	EN	Environmental Education and Awareness Program	1/95 - 12/96	0.500	PEPA	Phase 2
5	PI	EN	Implement Gaza Ground Water Management Plan and Monitoring Program	1/95 - 12/96	2.000	UNDP	Phase 2
6	PI	EN	Implement Monitoring, Labs & Data Program	4/95 - 12/96	2.000	PECDAR	Phase 2
7	PI	EP	Gaza And West Bank Project Preparation	5/94 - 10/94	1.300	JEDCO	Phase 1
8	PI	EP	Project Management Implementation Unit	7/94 - 10/96	4.100	PECDAR/PIU	Phase 1
9	PI	FS	Creation of Palestinian Development Bank	Early 1994	0.100	Undecided	Phase 1
10	PI	SW	Translation & Environmental Reports for 5 Designed Landfill & Transfer Stations	7/94 - 9/94	0.085	Undecided	Phase 1
11	PI	SW	Project Management Implementation Support	7/94 - 6/96	1.500	PECDAR/PIU	Phase 1
12	PI	TL	Prepare Bidding Document for Jericho Exchange	5/94 - 6/94	0.015	Consultant	Phase 1
13	PI	TL	Management Contract	7/94 - 6/96	2.000	PECDAR	Phase 1
14	PI	TR	Road Program Implementation Unit (RPIU)	7/94 - 6/96	2.050	PECDAR/RPIU	Phase 1
15	PI	TR	Preparation of Immediate Road Rehabilitation Program	5/94 - 8/94	0.600	PECDAR	Phase 1
16	PI	TR	Design of Village Roads Program	1/95 - 6/95	0.20	RPIU	Phase 2
17	PI	UD	Short-term Specialist Consultants for Municipalities	4/94 - 3/96	0.700	Municipalities	Phase 1
18	PI	UD	Design and Implementation Consultants	4/94 - 3/96	0.800	Municipalities	Phase 1
19	PI	UD	Municipal Roads Implementation Supervision	1994 - 1995	2.100	PECDAR	Phase 1
20	PI	WS	Project Preparation Facility Including Well Rehabilitation	4/94 - 9/94	1.110	PECDAR	Phase 1
21	PI	WS	Water And Urban Roads Project Management Implementation Unit	7/94 - 3/96	2.300	PECDAR/RPIU	Phase 1
<b>TOTAL</b>					<b>29.710</b>		

**KEY:**

AG: Agriculture and Fisheries  
 ED: Education  
 EN: Environment  
 EM: Economic Management  
 EP: Electric Power  
 FM: Financial Management  
 FS: Financial Services  
 HT: Health

HU: Housing  
 LG: Legal Affairs  
 SW: Solid Waste  
 TC: Tourism, Cultural and Natural Resources  
 TL: Telecommunications  
 TR: Transportation  
 UD: Urban and Municipal Development  
 WS: Water Supply & Waste Water

## Annex 3: Technical Assistance Program by Type of Activity

### Table 3: Policy Studies

No.	Item	Sect	Description	Date	US \$ mn	Impl. Agency	Phasing
1	PS	AG	Agricultural Trade Study	1/95 - 3/95	0.200	Undecided	Phase 2
2	PS	ED	School Mapping Study	3/94 - 9/94	0.180	UNESCO/UNDP	Phase 1
3	PS	EM	Public Administration Task Force	1994	0.400	PECDAR	Phase 1
4	PS	EM	Civil Service Task Force	1994	0.200	PECDAR	Phase 1
5	PS	EM	Macroeconomic Studies: Palestine Development Institute	1994 - 1996	0.600	PDI	Phase 1
6	PS	EM	Socio-Economic Survey: Living Standards Measurement Survey	1995 - 1996	0.700	PBS	Phase 2
7	PS	EN	Natural Resources Management Study	1/96 - 6/96	0.400	Undecided	Phase 3
8	PS	EN	Coastal Zone Management Plan/Oil Spill Contingency Plan	18 mos.	0.400	PEPA	Undecided
9	PS	EP	Joint Institutional & Regulatory Study with Telecom and Postal Services	7/94 - 12/94	(0.850)	PECDAR	Phase 1
10	PS	FM	Design Model Structure of Central Accounting, Internal/External Controls, and Sta	7/94 - 12/94	0.400	PECDAR	Phase 1
11	PS	FM	Uniform Accounting System for Municipalities & Financial Situation at 12/93	7/94 - 10/94	0.250	UNDP	Phase 1
12	PS	HT	Harmonize UNRWA and Civil Administration Public Health Services	7/94 - 6/95	1.000	UNRWA/PHC	Phase 1
13	PS	HU	Land Use Regulations	6/94 - 2/95	0.275	PECDAR	Phase 1
14	PS	HU	Housing Policy and Institutional Development	7/94 - 6/95	1.000	PECDAR	Phase 1
15	PS	HU	Housing Finance Study and Training	7/94 - 12/94	0.750	PECDAR	Phase 1
16	PS	SW	Develop Planning Baseline, Conduct One City Master Plan	7/94 - 6/95	0.690	Undecided	Phase 1
17	PS	TL	Joint Institutional & Regulatory Study with Electric Power & Post	7/94 - 12/94	0.850	PECDAR	Phase 1
18	PS	TR	Long Term Transport Plan	1/95 - 12/95	1.000	Undecided	Phase 2
19	PS	UD	Urban Development, Planning & Management	1994	0.800	Undecided	Phase 1
20	PS	WS	Water Resources Management Study	1/94 - 6/95	0.660	UNDP	Phase 1
21	PS	WS	Water and Sewerage Utilities Study - West Bank	7/95 - 12/95	0.260	GTZ/PECDAR	Phase 2
			<b>TOTAL</b>		<b>11.035</b>		

**KEY:**

AG: Agriculture and Fisheries  
 ED: Education  
 EN: Environment  
 EM: Economic Management  
 EP: Electric Power  
 FM: Financial Management  
 FS: Financial Services  
 HT: Health

HU: Housing  
 LG: Legal Affairs  
 SW: Solid Waste  
 TC: Tourism, Culture and Natural Resources  
 TL: Telecommunications  
 TR: Transportation  
 UD: Urban and Municipal Development  
 WS: Water Supply & Waste Water

### Annex 3: Technical Assistance Program by Type of Activity

**Table 4: Feasibility Studies**

No.	Item	Sect	Description	Date	US \$ mn	Impl. Agency	Phasing
1	FS	AG	Olive Production/Processing	1/95 - 12/9	0.200	University	Phase 2
2	FS	AG	Feasibility of Fish Culture, Followed by Pilot Study	1/95 - 6/96	0.400	PARC	Phase 2
3	FS	ED	Pre-feasibility Study For Remedial Education For Children	5/94 - 9/94	0.080	UNESCO/UNICEF/HCE	Phase 1
4	FS	EM	Census Preparation	1994	0.300	PBS/UNDP	Phase 1
5	FS	EP	Power System Expansion Study	1/95 - 6/95	1.000	PECDAR	Phase 2
6	FS	LG	Procedures for Business Entry	1994	0.100	Undecided	Phase 1
7	FS	SW	Siting, Design & Env. Reports for Remaining 8 Landfills & Transfer Stations	1998	1.000	Undecided	Undecided
8	FS	SW	Recycling, Resource and Composting Study	1996	0.220	Undecided	Phase 3
9	FS	SW	Special Waste Study	1996	0.390	Undecided	Undecided
10	FS	TR	Gaza Port Pre-feasibility Study	3/95 - 12/9	0.300	PECDAR	Phase 2
11	FS	TR	Civil Aviation Feasibility Study of Qalendis Airport	n.a.**	0.900	PECDAR	n.a.**
12	FS	TR	Jordan River Bridge Feasibility Study	n.a.**	0.100	PECDAR	n.a.**
13	FS	TR	Measures to Improve Movement Between The West Bank & Gaza	n.a.**	0.300	PECDAR	n.a.**
14	FS	UD	Municipal Traffic Management Studies: Bethlehem, Gaza, Nablus, Ramallah	1/95 - 12/9	1.000	RPIU	Phase 2
15	FS	WS	Waste Water Treatment & Reuse Strategy-Study (A) & Implementation (B)	6/94 - 4/95	0.405	PECDAR/bank	Phase 1
16	FS	WS	Ramallah Sewerage Master Plan	7/94 - 11/9	0.285	UNDP/JWU	Phase 1
17	FS	WS	Study of Viability of Dirt Dams in Jericho Area	1/96 - 6/96	0.200	Pal. Hydro.	Phase 3
18	FS	WS	Sewerage & Drainage Studies - Refugee Camps and Urban Areas - WB & Gaza	Unknown	1.300	UNRWA/UNDP	Undecided
			<b>TOTAL</b>		<b>8.050</b>		

**KEY:**

AG: Agriculture and Fisheries  
 ED: Education  
 EN: Environment  
 EM: Economic Management  
 EP: Electric Power  
 FM: Financial Management  
 FS: Financial Services  
 HT: Health

HU: Housing  
 LG: Legal Affairs  
 SW: Solid Waste  
 TC: Tourism, Cultural and Natural Resources  
 TL: Telecommunications  
 TR: Transportation  
 UD: Urban and Municipal Development  
 WS: Water Supply & Waste Water

**Annex 4: List of Mission Members  
(October 11-November 22, 1993)**

<b>Mission Member</b>	<b>Specialty or Title</b>
<b>Garg, Prem C.</b>	<b>Head of the Mission</b>
<b>Abu-Akeel, Aly</b>	<b>Attorney</b>
<b>Berkoff, Jeremy</b>	<b>Water Resources Economist</b>
<b>Berryman, Sue</b>	<b>Education Specialist</b>
<b>Castro, Claudio</b>	<b>Vocational Training Specialist</b>
<b>Cointreau, Sandra</b>	<b>Waste Management Specialist</b>
<b>Concepcion, Leonardo</b>	<b>Architect</b>
<b>Devarajan, Shantayanan</b>	<b>Economist</b>
<b>Diamond, Doug</b>	<b>Housing Specialist</b>
<b>Diwan, Ishac</b>	<b>Economic Team Leader</b>
<b>El-Khouri, Samir</b>	<b>Public Finance Specialist</b>
<b>Fernando, Elmo</b>	<b>Municipal Engineer</b>
<b>Golloday, Fred</b>	<b>Human Resources Team Leader</b>
<b>Gonzalez-Malaxechevarria, Angel</b>	<b>Accounting and Auditing Specialist</b>
<b>Hamman, Sonia</b>	<b>Housing Specialist</b>
<b>Hayward, John</b>	<b>Water Resources Specialist</b>
<b>Heering, Mogens</b>	<b>Environmental Specialist</b>
<b>Heiberg, Marianne</b>	<b>Anthropologist</b>
<b>Hinds, Manuel</b>	<b>Financial Sector Specialist</b>
<b>Howarth, David</b>	<b>Procurement Specialist</b>

<b>Lamb, Geoffrey</b>	<b>Public Administration Specialist</b>
<b>Lintner, Stephen F.</b>	<b>Environmental Specialist</b>
<b>Macoun, Andrew</b>	<b>Sanitary Engineer</b>
<b>Mertz, Robert</b>	<b>Technical Assistance Team Leader</b>
<b>McKechnie, Alastair</b>	<b>Infrastructure Team Leader</b>
<b>Moore, Ted</b>	<b>Power Engineer</b>
<b>Myklebust, Nils</b>	<b>Telecommunications Specialist</b>
<b>Robotham, Kingsley</b>	<b>Lending Task Manager</b>
<b>Saghir, Jamal</b>	<b>Telecommunications Specialist</b>
<b>Schiavo-Campo, Salvatore</b>	<b>Institutional Specialist</b>
<b>Shaban, Radwan</b>	<b>Labor Economist</b>
<b>Skelton, Rama</b>	<b>Power Sector Specialist</b>
<b>Tyler, William</b>	<b>Macro-Economist</b>
<b>van Santen, Gert</b>	<b>Implementation Team Leader</b>
<b>Wolden, Terje</b>	<b>Transportation Engineer</b>
<b>Yucel, Cengiz</b>	<b>Transportation Economist</b>
<b>Yukcel, Gultekin</b>	<b>Procurement Specialist</b>



## Annex 5: List of Palestinian Counterparts

	<i>Office</i>	<i>Home</i>
<b>I. Core Team</b>		
Samir Abdullah Saleh - Head	828693	957112
Mohamed Shtayyeh	958521	
Samir Hulleileh	857066/7	956602
Said Haifa	951444	
Maher Almasri	(09) 376010	854294
Abdulrahman Hamad	(07) 860560	
Abdulrahman Altamimi	823354/8	
Riyad Alkhudari	(07) 860333	863595
Mahmoud Okasha	(07) 861868	
Maha Shawa	(07) 860595	
Ibrahim Dakkak	284272	
Hassan Abulibdeh	951038	
Atef Alawneh	952508	955248
Amin Haddad		
<b>II. Infrastructure</b>		
<b>Coordinators</b>		
Abdulrahman Hamad	(07) 860560	
Samih Alabed		
<b>Water</b>		
Abdulrahman Altamimi	823354/8	
Ayman Rabi	823354/8	
Hazim Tarazi	(07) 860084	863494
Abdulkarim Asa'ad	956551/2	
Taher Nasser Eldin	958660	
Riziq Nijim	(07) 822026	
Salim Agha	(07) 851168	851003
Hussam Elaloul	(07) 863851	861171
<b>Transportation</b>		
Samir Abu A'esheh	(09) 370042	
Abdullah	274659	273701
Jacky Qattan	(07) 864101	
Hussam El-Khuzundar	(07) 868515	860707
Jamil Elbanna	(07) 866267	

		<i>Office</i>	<i>Home</i>
<b>Electricity</b>			
Abdulrahman Hassan		951487	958665
Abdulrahman Hamad	(07)	86056	
Omar Ketaneh		957650-3	
Sa'd Kharmeh	(07)	869099	
Mohammed Algharib	(07)	835625	
Hisham Elomari			
<b>Solid Waste</b>			
Mouhamad Alhmeidi		958193	
Nasir Alyaziji	(07)	864670	822617
Jaber Almghayyer			
Sayed Aljadba	(07)	860080	868627
<b>Telecommunications</b>			
Nawal Tayseer Ghannam	(07)	853444	772155
<b>Housing</b>			
Nash'at Tahboub		950801	271666
Nader Alsaqa		742642	
Abdulrahman Hamad	(07)	860560	
Sleiman Abu Samhadaneh	(07)	835622	
Samir Manneh	(07)	835622	864713
Abed Salam Zaqqout	(07)	851014	
<b>Municipalities</b>			
Raji Zeidan		956436	
Munif Treish		956445	
Hani Arafat	(09)	382908	
Hazzim Tarazi	(07)	863494	850084
Mahmoud Abdullah		985072	953606
Husam Alkhazendar	(07)	868515	860707
Khalil Matar	(07)	859311-953	
Sleiman Sheikh Eid	(07)	835633	835075
Ibrahim Elnahal	(07)	835292	835075
<b>Planning</b>			
Hassan Abu Shalbak		955965	
Samih Alabed		952403	957650
Maher Alhanbali	(09)	376779	
George Tarazi	(07)	869995	
Suad Amiri		953768	958187
Jamil Albanna	(07)	866267	
Suliman Shaikh	(07)	835622	835075
Nihad Almughani	(07)	869147	

		<i>Office</i>	<i>Home</i>
Naser Khudair	(07)	869691	867464
Salah Sakka	(07)	865077	863611
Mohammed Sbakky			
<b>Environment</b>			
Muhamad Shtayeh	(09)	370042	
Jad Ishaq		741889	
<b>Agriculture</b>			
Adnan Shuqair			
Ismael Duaig			
Sufjan Sultan			
Saed Jasser			
Judeh Abdullah			

### III. Human Resources

#### **Coordinator** Mouhamad Shtayeh

#### **Construction**

Maher Alhanbali	(09)	376779	
Spero Khouri		955661	
Hatem Abu Sha'ban	(07)	863140	
Rafiq Hassouneh	(07)	862383	
Ali Abu Shallah	(07)	864631	

#### **Education**

Na'im Abu Alhumus		95 .08	
Abdullah Abd:lmuni'm	(07)	853195	
Ghassan Alhelu	(09)	370042	
Ahmed Hillis	(07)	863466	

#### **Vocational Training**

Mahmoud Alghbeish		833942	
Ali Habayeb	(09)	370042	
Hilmi Hammad			

#### **Returnees Program**

Salim Tamari		953768	
Antrik Bakrajyan		284235	

*Office*

*Home*

**Health**  
Mustafa Barghouti  
Munther Al-Sharif  
Ziad Abdin

**IV. Implementation**

<b>Coordinators</b>			
Samir Huleileh		557066	956602
Maher Almasri	(09)	376010	85294
<b>Contracts</b>			
Ali Safarini		956982	
Raja Shehadeh		956441	953471
Ghassan Faramand		956713	957650-3
Tawfiq Abu Ghazaleh			
Jawdat Alkhudari			
Ahed Bseiso	(07)	866603	860120
Salah Alsaqqa	(07)	865077	863611
<b>Financial Management, Accounting, and Auditing</b>			
Naser Abdulkarim	(09)	370042	
Nader Aldajani		716618/9	284513
Jihad Hamdan	(09)	370042	
Amin Haddad	(09)	386053	273330
Habib Jaradeh	(07)	861963	862008
Soufian Ala'shi	(07)	860026	
Azzam Alshawa	(07)	867126	
<b>Public Administration and Institution Building</b>			
Daoud Istanbouli		271265	
Hussein Ala'raj	(09)	370042	
Mufeed Alshami		289126	
Atef Alawneh		952508	955248
Hilmi Hammad			
Sami Tarazi	(07)	865824	860116
<b>Technical Assistance</b>			
Abdufatah Abu Shukur	(09)	371122	377257
Bassem Makhoul	(09)	370042	
Labib Nashashibi		273330	
Moi'in Rajab			

	<u>Office</u>	<u>Home</u>
<b>V. Macro-Economic</b>		
Samir Abdullah Saleh, Head	828693	957112
Mohamed Shtayyeh	958521	
Samir Hulleileh	857066/7	956602
Abdel-Fatah Abu Shokr		
Amin Haddad		
Nabil Kassis		
<b>VI. Administration</b>		
Wa'el Abu-Ne'me	272383	
Jumana Abu-Zyad	271748	
Sleiman Abu Samhadaneh	(07) 835622	
Suleiman Al-Aref	956672	
Omar Awaad		
Laura Bawalsa		
Leila Calnan	953271	
Salwa Duaibis	954568	985372
Firas Huseini	828526	
Omar Ibrahim	(07) 855452	
Rania Muhtadi	746704	273330
Ibrahim Najjar	957037	
Suha Rabah	952647	
Ma'moon Sbeih	952255	828693
Ashraf Shuibi	953423	
Futna Shahwan		
Mohammed Sub-Laban		
Ghada Zeidan	741770	
Mohammed Zeidan	272934	