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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX 1**

of the Commission Implementing Decision on the annual action programme in favour of Palestine<sup>1</sup> for 2018 (including one action on budget 2019 and 2020)

**Action Document for “Access to self-sufficient water and energy services”**

**ANNUAL ACTION PLAN**

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and action plan/measure in the sense of Article 23(2) of NDICI-Global Europe Regulation.

**1. SYNOPSIS**

**1.1. Action Summary Table**

<b>1. Title CRIS/OPSYS Basic Act</b>	Access to self-sufficient water and energy services Annual action plan in favour of Palestine for 2018 CRIS number/OSPYS business reference: <b>ENI/2018/041-138 / ACT-D-41138-00</b> Financed under the European Neighbourhood Instrument (ENI).
<b>2. Team Europe Initiative</b>	No
<b>3. Zone benefiting from the action</b>	The action shall be carried out in West Bank and Gaza Strip.
<b>4. Programming document</b>	European Joint Strategy in support of Palestine 2017-2020 <sup>2</sup> Towards a democratic and accountable Palestinian State
<b>5. Link with relevant MIP(s) objectives/expected results</b>	The Action primarily contributes to Pillar IV Access to Self-Sufficient Water and Energy Services
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>6. Priority Area(s), sectors</b>	Pillar 4: Access to Self-Sufficient Water and Energy
<b>7. Sustainable Development Goals (SDGs)</b>	Main SDG: SDG 13: Climate Action Other significant SDGs:

<sup>1</sup> This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

<sup>2</sup> European Joint Strategy in Support of Palestine 2017-2020: Towards a democratic and accountable Palestinian State, [https://www.eeas.europa.eu/sites/default/files/final\\_-\\_european\\_joint\\_strategy\\_english.pdf](https://www.eeas.europa.eu/sites/default/files/final_-_european_joint_strategy_english.pdf)

	SDG 3 – Good health and wellbeing SDG 5 - Gender equality SDG 6: Improved access to water, sanitation and hygiene SDG 7 – Affordable and clean energy SDG 9 – Industry, innovation and infrastructure SDG 12 - Responsible consumption and production SDG 16 - Peace, justice and strong institutions			
<b>8 a) DAC code(s)</b>	14010 – Water sector policy and administrative management - 10% 14015 - Water Resource Conservation - 50% 14022 – Sanitation - large systems – 10% 23230 - Solar energy for centralised grids- 30% 23630 - Electric power transmission and distribution 23110 - Energy policy and administrative management			
<b>8 b) Main Delivery Channel</b>	<i>Public Sector Institution - 10000</i> <i>Other – 5200</i>			
<b>9. Targets</b>	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <sup>3</sup> <input type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Human Rights, Democracy and Governance			
<b>10. Markers (from DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women’s and girl’s empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Inclusion of persons with Disabilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<sup>3</sup> For the Neighbourhood, activities related to education shall be marked as part of the “Social Inclusion and Human Development” target, in line with the NDICI-GE programming guidelines.

	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>11. Internal markers</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	<b>Digitalisation</b> Tags: digital connectivity digital governance digital entrepreneurship job creation digital skills/literacy digital services	<input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	<b>Connectivity</b> Tags: transport people2people energy digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>BUDGET INFORMATION</b>				
<b>12. Amounts concerned</b>	Budget line(s) (article, item): 22.040104 Total estimated cost: EUR 31 400 000 Total amount of EU budget contribution EUR 31 400 000.			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>13. Implementation modalities (type of financing and management mode)</b>	Project Modality <b>Direct management</b> through: Procurement <b>Indirect management</b> with the entities to be selected in accordance with the criteria set out in section 4.3.2 <b>Indirect management with</b> the Palestinian Authority			

## 1.2. Summary of the Action

The proposed Action supports the implementation of Pillar IV “Access to Self-Sufficient Water and Energy Services” of the European Joint Strategy (EJS) in support of Palestine 2017-2020 “Towards a democratic

*and accountable Palestinian State*". The EJS is closely aligned to the Palestinian National Policy Agenda (NPA) 2017-2022 and to the Sustainable Development Goals.

This Action intends to operationalise - through a set of complementary interventions - its objective of supporting the Palestinian Authority (PA) to provide sufficient, equitable, affordable and sustainable access to energy, safe water and sanitation services for all. This action directly contributes to Climate Action and is in line with Palestinian Nationally Determined Contribution (NDC).

In the *Water* sector, the Action aims to improve the availability and efficient management of water resources in Gaza through short- and medium-term measures, to advance the efforts on institutional sector reform, and to consolidate and boost existing EU investments in wastewater in the north of the West Bank.

With regards to *Energy*, the Action contributes to the energy transition in Palestine through the development of renewable energy sources; reinforce the Palestinian Authority legitimacy and address specific urgent needs arising from the scarcity of power supply to Gaza and West Bank with a focus on the provision of energy to social services including education, social vulnerable groups and health and water sector.

## 2. RATIONALE

### 2.1. Context

Palestine is home to some 5 million people, of which 3 million live in the West Bank (including East Jerusalem) and the remaining 2 million live in the Gaza Strip<sup>4</sup>. Two out of five Palestinians living in Palestine are refugees.<sup>5</sup> Palestine has been marked by the ongoing Palestinian-Israeli conflict, as well as by the disruption of fifty years of occupation and the progressive fragmentation of its territory, including the illegal annexation of East Jerusalem.

The Oslo Accords, under which the Palestinian Authority was created in 1994, were intended to lead to a final negotiated settlement between the parties. More than twenty years later, the Palestinian Authority, which has operated as a transitional authority with limited jurisdiction since its creation, has full civil and security authority only in 18% of the West Bank. This takes place in the context of growing governance challenge on the Palestinian side. The last general elections were held in January 2006 and the Gaza Strip came under the de facto control of Hamas in 2007. The movement restrictions imposed by Israel on the Gaza Strip since the early 1990s intensified in June 2007 with its closure and imposition of the land, air and sea blockade. Effort towards reconciliation are being renewed every so often, however chances for a long-term solution of intra-Palestinian division remain slim.

Palestine is a Lower Middle Income Country. In terms of Human Development Index it is one of the better of Arab States in the region and it was ranked 114 out of 188 countries in 2016.

Palestinian economic development and political relations with Israel are strictly linked, as Palestine runs under the framework of an uneven customs and monetary union with Israel. It has no control over its own borders and suffers from restrictions and controls on the movement of its people, goods and resources (land, water, etc.). Consequently, the Palestinian Authority has limited control over the majority of its revenues and experiences substantial losses under the current revenue sharing arrangements. Given the severe development constraints of the Palestinian context, Palestine's revenue is still highly aid-dependent.

Clean drinking water is a basic Human right and an essential part of enjoying the right to an adequate standard of living. Access and distribution of *water* in Palestine are among the most critical and sensitive issues. The sector is characterised by lack of control over available water resources. Economic hardship, lack of sufficient

4 Palestinian Central Bureau of Statistics (PCBS), 2016.

5 Approximately 70% of the estimated population in Gaza are registered Palestine refugees.

infrastructure and of effective water resource management have led to a severe water shortage both in the West Bank but in particular in Gaza, where water quality and per capita available quantity are worryingly below international standards and threatened by pollution. The supply of fresh water to the population of Gaza at present depends overwhelmingly on the groundwater aquifer. The high level of abstraction, contamination and wastewater has caused in excess of 95% of Gaza water to be unfit for human consumption according to the World Health Organization (WHO) standards. The abstraction for domestic use is around 94 million cubic meter (mcm) per year and a further 105 mcm per year is estimated to be abstracted for agricultural use and industries. The level of groundwater use which would ensure its natural recharge is instead between 55 and 60mcm/y. As a result of this unbalance, seawater and surrounding saline aquifers intrude into the fresh water aquifer with an adverse effect on ground water quality. In the absence of a major shift, the underlying portion of the coastal aquifer is expected to become permanently and entirely unfit for human consumption within the next 3 years.

Palestine depends 98% on energy import, first and foremost Israel. Energy dependency also affects Palestine's water production and pumping as water service providers are among the biggest energy consumers in the country. Energy insecurity affects the daily operation of water infrastructure. Gaza is suffering a humanitarian crisis, which is characterized by a severe shortage of both energy and water. Gaza's energy deficit is of about ~300 MW (electricity demand of ~500 MW and supply of ~200 MW). This critical energy crisis directly impacts the developmental situation of Gaza, notably at the following levels:

- Economic development: the lack of electricity and its cost negatively affects all sectors of the economy.
- Social dimension: the current cost of fuel-generated electricity by GPP is almost three times higher than the price estimated when using natural gas (NIS 1, 05 per kWh against NIS 0. 30 per kWh), affecting in particular the poorest households. The energy supply scarcity is also catalysing secondary impact on availability and affordability of safe drinking water, which is associated to health benefits.
- Environmental issues: The diesel generators contribute to the productions of high emissions of ground-level ozone and carbon dioxide, which damages vegetation, and produce acid rain.

In the Gaza Electricity Master Plan (2017-2035) the generation expansion in Gaza is foreseen through several scenarios which include the solar power generation.

Energy prices are among the highest in the region. Energy costs are for the vast majority deducted by Israel from the clearance revenues they collect on behalf of Palestine.

The Palestinian Authority *National Policy Agenda 2017-2022 Putting Citizens First* (NPA) contains three pillars describing the strategic direction of the government: path to independence, government reform and sustainable development. On the basis of key national priorities, sector policies have been defined to improve the quality of life of the Palestinian people, while continuing efforts to attain statehood. Pillar 3 of the NPA "Sustainable Economic Development" contains - under its national policy "Meeting the needs of our communities" - policy interventions aiming to "expand community access to clean water and sanitation" and "expand community access to reliable energy".

The *European Joint Strategy in Support of Palestine– Towards a democratic and accountable Palestinian State* (EJS) is closely aligned with the NPA. Pillar 4 of the EJS is about "Access to Self-Sufficient Water and Energy" identifies as one of its 5 intervention Pillars the Water and Energy sectors. On water, the stated objectives are to contribute to improved access to water and wastewater services, to the sustainable management of water resources and to the reinforcement of public and private institutions operating in the sector. With regards to energy, the EU and Member States work to support citizens' access to reliable and affordable energy, while contributing to the financial sustainability and the regulatory framework of the sector as a whole, keeping also high on the agenda innovation, environment and social considerations.

In the water sector, the *Palestinian Water Authority Strategic Development Plan 2017-2022* was developed along the following five specific objectives: i) Integrated management and sustainable development of water resources, ii) Improving quality and reliability of water supply services and ensuring fair water distribution,

iii) Improving wastewater services and structures (collection, treatment and re-use of treated water and sludge), iv) Development of water sector institutions to reinforce good governance and v) Ensuring financial sustainability of water service providers.

In the energy sector, the *Comprehensive National Strategy for the Energy Sector in Palestine (2017-2022)* covers each sub-sector: hydrocarbons, electricity, renewables (RE) and energy efficiency (EE). The Strategy acknowledges that the main challenges of the electricity sector in the West Bank and Gaza are: the signature of the high voltage commercial agreement with Israel Electric Corporation (IEC) ; the diversification of energy sources and the increase of the share of indigenous sources; the financial viability of the sector and non-payment for electricity; the construction and modernisation of the transmission and distribution grids; the supply of electricity to Gaza to combat the current severe shortages.

### **Complementarity, synergies, donor co-ordination**

Water is a focal sector of EU support to Palestine under the European Joint Strategy (EJS). Donors' interventions are co-ordinated by the Local Aid Co-ordination (LACS) Water and Sanitation Sector Working Group and aligned with the Palestinian Water Authority (PWA) Strategic Development Plan. EU and EUMS approach is co-ordinated also through a dedicated informal working group.

In the West Bank, the EU has been co-ordinating its geographical focus with the other key donors in the water sector to avoid overlaps.

Energy is also a focal sector of EU support to Palestine under the EJS. The EU and Member States approach is co-ordinated through the dedicated EU energy working group (EWG) as well as through the LACS structure. The EU takes part in the Sector Working groups meetings co-ordinated by Norway. The World Bank, EU, IMF, USAID, US, Sweden, DFID, France, Italy are part of the LACS meetings.

Civil Society: CSOs have been consulted on the proposed actions. Accompanying measures for involvement of civil society in project implementation will be taken into account at the design stage.

## **2.2. Problem Analysis**

### ***Short problem analysis***

*With regards to the water sector:*

In order to avert a humanitarian crisis in Gaza due to lack of drinking water, as a long term measure, the Gaza Central Desalination Plant will provide a sustainable water supply system to cover the bulk of the needs of the Gaza population (capacity of 55MCM following completion of the current phase I). The EU has pledged EUR 150 million for the construction of the plant on a pledging conference in March 2018. Given the long period for this complex measure to be operationalised, interim medium and short-term solutions are needed to sustain the water services and address the deterioration of the aquifer in Gaza.

The consequence of the current electricity crisis for Gaza inhabitants is a deterioration of their living condition, especially in relation to basic services availability. The decrease of water quantities supplied and the drastic increase of pollution due to the release of raw sewage in the environment constitute a major source of concern. The actions proposed as related to RE for Water infrastructure and Storm Management and Retention Basin will directly contribute to address water supply problems both in terms of quality and sustainability.

Implementation of the Water Reform following the adoption of the Water Law in 2014 is crucial for the sustainability and economic viability of the entire water sector. Technical assistance will be provided to assist the PWA in implementing the road map for the establishment of the National Water Company.

The West Bank suffers from water shortages, affecting also Palestinians' economic potential (for example, only 6.8% of cultivated land in the West Bank is irrigated). This is mostly due to Israel's appropriation of groundwater resources, which makes necessary the development of an efficient wastewater reuse system for irrigation purposes and environmental reasons. Investing in improving the sustainable operation of water and wastewater infrastructure is essential and shall be done - comprehensively - increasing the local operators' technical capacity as well as strengthening households' connections to the sewage network.

*With regards to the energy sector:*

The reform process of the energy sector started in the 90's and, assisted by the donor community, has brought the energy sector from a fragmented municipally-based system to a more efficient single-buyer model. Still, lack of transparency, weak governance, poor sector performance, and political factors are key drivers of inefficiency. The non-payment of electricity services has also grown, reaching 58% of the total cost of imports from the Israeli Electricity Company (IEC). Due to the absence of a real transmission backbone, grid fragmentation, insufficient capacity and fuel supply for power generation in Gaza, Palestine is still far from an independent and viable electricity sector. Concrete progress depends on the finalisation of the full Interim Power Purchase Agreement (PPA) with the IEC and on the operational follow-up of Gaza Electricity Master Plan (2017-2035) and West Bank Electricity Master Plan(2017-2035).

The state of the electricity system in Gaza is extremely precarious with supply available on average 8 to 12 hours per day. The energy deficit has dire consequences in vital sectors as health, education, social sectors, water and wastewater treatment. In the social sectors, major universities, hospitals and clinics in Gaza see their activities highly disrupted by the lack and unreliability of power which in turn forced numerous smaller facilities to shut-down. The financial viability of the sector is also a structural issue that is being worked on by Gaza Electricity Distribution Company (GEDCO), Palestinian Energy and Natural Resources Authority (PENRA) and Ministry of Finance. The expansion of the smart meters is seen as a key response to increase the collection rate.

***Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action.***

In the Water sector, the Palestinian Water Authority (PWA) is the main stakeholder as regards reforms in the sector and the establishment of the National Water Company. Full commitment at the highest level within PWA needs to be maintained to allow for a successful process which will put in place a stronger institutional framework. Indirect beneficiaries of this intervention will be the whole Palestinian population, including refugee communities, benefitting from expected improved performance of the water sector. Co-ordination on water reform issues is well developed, including through the existing donor co-ordination mechanisms.

In relation to Gaza, the Coastal Municipalities Water Utility (CMWU) is another major stakeholder that is part of the institutional framework. Its service provider role is crucial when it comes to operation and maintenance of the envisaged infrastructures, on a temporary or longer-term basis. Furthermore, both PWA and CMWU have extensive experience of project implementation with international donors, where PWA is responsible for technical, environmental and financial monitoring of the projects, while CMWU is undertaking construction supervision activities and operation and maintenance of the systems following commissioning.

To address the scarcity of drinking water in Gaza through the implementation of humanitarian projects, an important role is played by the Water, Sanitation and Hygiene (WASH) Cluster. The WASH Cluster in Gaza is led by UNICEF, who, along with its WASH Cluster partner organisations, provide and maintain water and sanitation services in Gaza, in close cooperation with PWA and CMWU. Such services include improving basic water and sanitation conditions for households, supplying water to filling stations and providing water for drinking and domestic use to communities and centres for IDP's. Furthermore, UNICEF operates in close cooperation with the PWA and the CMWU to ensure WASH preparedness and response to winter floods and to mitigate floods risk.

Renewable Energy for Water infrastructure (estimated final beneficiaries: 200,000 people) and Storm water management and retention basin (estimated beneficiaries: 200,000 people), have been discussed with PWA and the CMWU in addition to other agencies working on water and sanitation in Gaza. In order to best identify areas of intervention. An Environmental and Social Impact Assessment (ESIA) was conducted for both aforementioned projects and a mitigation plan was developed.

In the northern part of the West Bank (Tubas district), the estimated direct beneficiaries from the action will be around 57,000. Discussion on technical approach and modalities of the intervention were held between the Tubas Joint Water and Sanitation Service Council (T-JWSSC) and PWA. The T-JWSSC is the body responsible for providing the area with water and sanitation facilities and it will operate and maintain the Tubas Tayasir Wastewater treatment plant. A feasibility study and Business Plan were completed in May 2017 for the Operation and Maintenance Activities.

A broad public awareness campaign is envisaged under this Action, aiming at involving Civil Society Organisations and the public in the different phases of the projects from design to implementation. In the identification and formulation phases, the interventions were discussed with relevant civil society organisations (CSOs) in the water sector, addressing as main topics: the importance of sustainable use of water, the treatment of additional wastewater, the need of awareness campaigns and the principle of willingness to pay, especially among vulnerable populations. These concerns were taken into consideration in the preparation of the actions and further involvement of CSOs is foreseen through specific activities within the projects.

In the Energy sector, the main institutional actors are the Palestinian Energy and Natural Resources Authority (PENRA), and the Palestinian Electricity Transmission Company Ltd (PETL), established with the mandate to be the single buyer and transmission system operator for the Palestinian energy sector. Since 2021, Norway, with the technical support of the World Bank (World Bank), Office of the Quartet and the Netherlands, is leading the donors support in the energy sector and they are contributing to the implementation of the Energy Law (2009) and the Renewable Energy Law (2015) provisions and to the promotion of the energy sector reform.

With regards to Renewable Energy (RE) and Energy Efficiency (EE), the implementation of energy projects requires a multi-stakeholder approach. The actors involved are PENRA to oversight the project implementation; PERC which is the regulatory authority in charge with licensing and tariffs for energy, the Electricity Distribution Companies, including GEDCO in Gaza to enable the roll out of the supplies and as manager of the grid serving all main facilities, including collection of energy fees. RE development and EE action, notably for social services in Gaza, and the financial sustainability of the sector were highlighted as top priorities in the short term during the meeting of LACS on Renewable energy (September 2021). AFD as the implementing partner is an important stakeholder in this energy project as well as in the water sector in Gaza.

The mandate of the Office of the Quartet (OQ) is to increase Palestinian economic and institutional development and empowerment, as a support towards achieving a two-state solution. Main stakeholders in this case are the Quartet members, its donor partners, the Palestinian Authority and the Government of Israel (GoI). These stakeholders are all engaged in close co-ordination through dedicated groups. In particular, the OQ is chairing both the GCDP Task Force and the Gas for Gaza (G4G) Task Force and contributing to significant progress in advancement of water and energy files thanks to the its technical expertise and convening power towards the Palestinian Authority and the Government of Israel. The Office of the Quartet (OQ) is playing an important role in facilitating large-scale projects, especially in the field of water and energy in Gaza. The OQ's unique characteristics position it ideally to co-ordinate donors' initiatives requiring intense and delicate triangular co-ordination with the Government of Israel.



### **3. DESCRIPTION OF THE ACTION**

#### **3.1. Objectives and Expected Outputs**

The Overall Objective (Impact) of this action is to ensure the provision of self-sufficient, equitable, affordable and sustainable access to energy, safe water and sanitation services for all.

The Specifics Objectives (Outcomes) of this action are to:

1. Improved quality and sustainability, notably vis à vis climate change, of water and energy services in Gaza and achievement of long-term solutions to secure water for all in Gaza.
2. Support to the Water Reform by contributing to the establishment of the National Water Company (NWC).
3. Secure efficient Sanitation Services in Tubas Governorate by completing the Tubas Waste Water Treatment Plant, ensuring its sustainable operationalisation.
4. Accelerate the transition to greener and more sustainable energy provision and use.

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

contributing to Outcome 1 (or Specific Objective 1):

- 1.1 Provision of renewable energy equipment for selected existing Water and Sanitation infrastructure.
- 1.2 Increase used of storm water management and retention basin to support the recharge of the Gaza Aquifer, notably in the context of climate change.
- 1.3 On-going and future water and energy infrastructure projects are expedited through OQ-facilitated negotiations with GoI and PA.

contributing to Outcome 2 (or Specific Objective 2):

- 2.1 Establishment of the National Water Company (NWC).

contributing to Outcome 3 (or Specific Objective 3):

- 3.1 Successful completion of the Tubas Tayasir Waste Water Treatment Plant.
- 3.2 Supporting the T-JWSSC in becoming economically viable.

contributing to Outcome 4 (or Specific Objective 4):

- 4.1 Increased sustainable energy generation through renewable energy (RE) and increased energy efficiency (EE) technology deployment.

#### **3.2. Indicative Activities**

Activities related to Output 1.1:

Support Renewable Energy for Water infrastructure: the action will equip water infrastructure with renewable energy (RE) components (Photovoltaic panels). RE will ensure increased autonomy from the grid, decreased use of fuel and generators and decrease of running costs. An upgrade of the infrastructure will be associated to the RE equipment to enhance performance. The number of potential beneficiaries is considered around 200,000. The proposed budget is EUR 2.9 million

Activities related to Output 1.2:

Storm water management: Rainfalls in Gaza are intense in short periods of time and affecting a highly urbanised environment. The natural infiltration of rain water is not possible causing massive floods before flowing directly into the sea and being lost for the aquifer recharge. On the other hand the level of the aquifer has reached critically low levels due to over-abstraction. The construction of storm water

management infrastructure will allow the collection of the rainfall and its infiltration in the aquifer. The number of potential beneficiaries is around 20,000 people. The proposed budget is EUR 16.1 million.

#### Activities related to Output 1.3:

The Office of the Quartet will be supported in its capacity to facilitate the dialogue between the Palestinian Authority (PA) and the Government of Israel (GoI) for the advancement of water and energy infrastructure projects, primarily in Gaza. The proposed budget (covering 2019 and 2020 support) is EUR 1 million.

#### Activities related to Output 2.1:

The transformation of the West Bank Water Department (WBWD) into a national governmental company is foreseen by the 2014 Water Law and requires PWA to develop by-laws. The Water Law states that the new company will be responsible for supplying bulk water and to execute any tasks assigned by the Water Authority. This action aims to improve the WBWD's capacity and performance through the provision of dedicated Technical Assistance to PWA, in order to make the reform possible. The proposed budget is EUR 1.8 million.

#### Activities related to Output 3.1:

The on-going works contract (ENPI/2015/357-034) was signed for a total amount of EUR 17,975,026.91 with a total commitment of EUR 18,500,000. This contract is a Bill of Quantity (BoQ) based contract with a price revision clause and should have included sufficient resources for 15% contingency. The 15% contingency is required to ensure the completion of the works. The proposed budget is EUR 2.125 million.

#### Activities related to Output 3.2:

The Tubas Tayasir Waste Water Treatment Plant is a comprehensive project with an important component of reuse directed to agriculture. It also has other expected positive outcomes, related to economic development, health, environment and energy in the area. The Tubas Joint Water & Sanitation Service Council (T-JWSSC) is the body responsible for providing the area with water and sanitation facilities, including infrastructures' operation and maintenance, drinking water procurement, transport and distribution; in addition, the council is responsible for tariffs, water and sanitation connections (commercial and household) and fees collection. An EU-funded feasibility study demonstrates that the T-JWSSC is financially viable in the long term. Immediate support to T-JWSSC will allow it to address the challenges entailed by the initial period of operation of the plant being completed, giving it also the tools to advance services in terms of quality and coverage and therefore the chance to reinforce its potential for fees collection. The proposed budget is EUR 1.15 million.

#### Activities related to Output 4.1:

A sustainable response to the energy deficit and energy transition priority in Palestine, notably in Gaza, through the deployment of RE equipment's with a priority focus on social infrastructures and water related facilities; -the complementary measures such as support to smart metering in Gaza to enhance revenue collection, will be tackled. Projects will be identified and implemented to increase the RE power production capacities through installation of solar rooftop panels and RE solar plants and to improve energy efficiency (EE) through installation of smart meters. Total power generation to be installed might attend about up to 2 MWp capacity. The proposed budget for Energy activities is EUR 6 million.

### **3.3. Mainstreaming**

#### **Environmental Protection, Climate Change and Biodiversity**

##### **Outcomes of the Environmental Impact Assessment (EIA) screening**

The EIA screening classified the action as Category A (EIA will be undertaken)

##### **Outcome of the Climate Risk Assessment (CRA) screening**

The CRA screening concluded that this action is no or low risk (no need for further assessment).

Protecting the environment and acting to mitigate and adapt to climate change are constitutive elements of the proposed action together with health risk mitigation. The Action aims at reducing risks from the supply of water unfit for human consumption, mitigating the risk of flooding and enabling the protection of the Gaza aquifer. It will also directly contribute to the energy transition through provision of cleaner energy and development of energy efficiency. The establishment of renewable energy infrastructure will reduce about 35-50% of the fossil fuels and electricity required to operate social, water and wastewater facilities in Gaza. Most activities expected to take place do fall in the category A – interventions for which an EIA is required”. Furthermore, some awareness raising activities focusing on environmental challenges would take place in the course of the implementation of the Action.

#### **Gender equality and empowerment of women and girls**

According to EU Gender Action Plan III, women and girls in developing countries are particularly affected by the impact of climate change and environmental degradation, such as ecosystem loss, loss of access to key natural resources, water- related and vector-borne diseases. As primary users and managers of natural resources, women play an essential role for climate change mitigation and adaptation and environmental protection. However, they are prevented from participating equally in related governance processes for multiple reasons, including harmful gender norms, inadequate legal frameworks, low access to education and land ownership. The EU is determined to act on the gender dimension of environmental degradation and climate change also with regard to fragile situations

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that the design of the project's sub-components is gender-sensitive and indicators defined to monitor them are disaggregated to the maximum extent possible. Gender will also be mainstreamed through dedicated awareness campaigns and integrating recommendations and results into the implementation of the Action

#### **Human Rights**

The action assists in meeting basic rights for an adequate standard of living (such as access to water and essential services. With regards to access and affordability, the design of the GCDP includes a component for support to operation and maintenance costs for 5 years to cater for the needs of the poorest households.

#### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that the needs and rights of disabled persons are to be safeguarded in all components of the action. This will be achieved by ensuring their representation in all community participation aspects and trainings, providing them with opportunities to raise their needs and aspiration. Similarly, all social and public infrastructure components under this action are to be delivered in line with inclusive access standards. Consequently, the action shall confirm the right of persons with disability of equal access and contribution.

## **Democracy**

The empowerment of local stakeholders will be embedded in the design of the activities in accordance with good governance principles. The proposed action will be implemented in a participatory manner via participatory planning mechanisms, involving the local community and their representatives, thereby contributing to enhancing the inclusion and accountability processes within the community. The capacity of the water and energy service providers will be strengthened through the action.

## **Conflict sensitivity, peace and resilience**

A conflict analysis screening has recently been carried out. It presented four key drivers that are likely to shape peace and conflict in Palestine in the immediate future. The drivers are: (i) The ongoing Israeli military occupation and settler colonization of the West Bank (ii) Non-state armed groups and the use of violence means to resist the occupation, (iii) Palestinian fragmentation, and, (iv) Palestinian de-legitimization. Furthermore, the conflict analysis reveals that women and youth are the most vulnerable. Palestinian society has become more conservative. With the extreme economic hardship, a dramatic spike in domestic violence and divorces has been registered. In the absence of hope for a better future, youth are driven to desperation either in search of “martyrdom” or suicide, which has become a common phenomenon—relative to the past—breaking a deeply-held taboo among Palestinians.

One of the main recommendations of the conflict analysis screening is that the EU should mainstream the human rights approach to all aligned development goals working on the Israeli-Palestinian conflict.

The action proposed is expected to contribute to different dimensions of resilience, namely: *political* (eg. strengthened institutional capacities to provide more equitable, inclusive, accountable and sustainable services); *environmental* (eg. Strengthened capacities to prevent and address environmental degradation, pollution and the effects of climate change).

It should not be underestimated the potential contribution to the *security* dimension of resilience, by way of working on conflict prevention through initiatives pursuing climate change & security approaches. Similarly the *partnership and integrated approaches* dimension of resilience, is expected to benefit from the action, by bringing European Development Partners working on resilience, livelihoods and agriculture under the European Joint Strategy, closer and better placed to understand and test the effectiveness of interventions in support to the Humanitarian-Development-Peace Nexus.

## **Disaster Risk Reduction**

The proposed action is designed to specifically address environmental degradation and climate change responses. The deteriorating climate change context, the heightened disaster related risks linked to substantial environment degradation - availability of water, soil erosion, and loss of biodiversity, draught and desertification - along with loss of livelihoods, assets and lives are considered to be amongst the most significant disasters currently affecting the Palestinian people.

The Action promotes the goal and global targets to achieve substantial reduction of disaster risk and losses in lives, livelihoods and health and in the economic, physical, social, and environmental assets of persons, businesses, communities and countries.

It contributes to the reduction of existing disaster risk through the implementation of integrated and inclusive environmental, technological, and institutional measures that prevent and reduce hazard exposure and vulnerability to disaster, and increase preparedness for response and recovery with the explicit purpose of increasing human security, well-being, quality of life, resilience, and sustainable development.

### 3.4. Risks and Lessons Learned

Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
Political Instability	Unpredictable deterioration of the current political/security context in Gaza and West Bank.	<b>M</b>	<b>H</b>	A flexible project implementation structure is maintained, supported by regular dialogue to ensure protection of EU investments and EU-funded infrastructure.
Political Instability	Unpredictable Israeli policies and actions e.g. further restrictions of movement of goods and people to the Gaza Strip.	<b>H</b>	<b>H</b>	Specific mechanisms for the donor-funded projects are developed, including a specific materials/personnel entry system. The EU will play an increased role with regards to convening both parties (Palestine and Israel) to maximise the effectiveness of EU cooperation and to address any obstacles to such effectiveness.
Institutional Risk (PA Partners)	Financial/operational crisis of Tubas Joint Water and Sanitation Service Provider.	<b>M</b>		Operation and Maintenance support, capacity building and training are provided.
Institutional Risk (PA Partners)	Reduced engagement of project stakeholders in Water Reform.	<b>M</b>	<b>H</b>	Engage decision makers ensuring parallel progress of institutional and infrastructural commitments.
Institutional Risk (PA Partners)	Insufficient institutional and implementation capacities of PENRA, in particular in Gaza.	<b>M</b>		PENRA will be supported in Gaza by the Office of the Quartet in the implementation of the action, including entry of material (solar panels and net-meters).
Institutional Risk (PA Partners)	GEDCO does not reform and does not implement the audit recommendations allowing the project financial sustainability.	<b>M</b>		Together with the PA and key international partners (World Bank) the EU will closely follow-up the implementation of the GEDCO audit recommendations. A dedicated financial envelope is available to support.

#### Lessons Learned:

The main lessons learnt from previous water projects in Gaza and the West Bank include the following: 1) need to ensure high quality of the design; 2) need to clearly address all stakeholders' responsibilities and have their commitment in order not to jeopardise project success; 3) importance to assist the PA project management staff in developing project control expertise in order to track, identify and mitigate project risks; 4) need to develop local skills to ensure operation and maintenance of EU-funded infrastructure; 5) importance of the water-energy nexus in Palestine and need to factor in the energy dimension early on in the planning of water projects, especially in Gaza.

In the energy sector, lessons learnt include the following: 1) important investments are still required to enhance the capacities of sector operators and institutions; 2) knowledge about grid capacity and stability is scattered and ad hoc assessments are required for new investment; 3) the complex and uncertain political environment has significant impact in terms of delays in infrastructure projects; 4) need to closely follow-up the negotiations with IEC/GoI for the high-voltage full PPA, supporting with political leverage; 5) the solar energy potential of Palestine can provide significant short-term solutions and should have appropriate room in any future energy mix.

As regards the creation of new organisation new public bodies should also be accompanied with a commitment by the national authorities to grant the sufficient legal powers, resources and staffing necessary to discharge their mandate.

### **3.5. Intervention Logic**

The underlying intervention logic for this action is as follows:

#### In support of increased access to water in Gaza

Availability of fresh water in the Gaza Strip is amongst the lowest in the world. The aquifer is heavily over-exploited and without decisive measures to revert its impoverishment it could be irreversibly damaged within the next few years. Already, only about 3% of the water pumped from the aquifer complies with World Health Organisation drinking water quality standards, with high levels of contamination and sea water intrusion posing a serious health risk to the area's inhabitants. To deal with the crisis, the Palestinian Water Authority (PWA) developed a rolling programme of interventions to find alternative sources of potable water, along four priority action lines:

- improving the water distribution system;
- improving agricultural water management;
- developing wastewater treatment and reuse;
- Increasing supply of bulk water resources (building a central desalination plant).

The EU is a lead partner in addressing these priorities, through a comprehensive set of interventions including the construction (concluded) and on-going expansion of the Short-Term Low Volume (STLV) Desalination Plant in Khan Younis. Further EU had committed to complement and increase the ambition of such support, through the investment in the Gaza Central Desalination Plant project which is expected to provide a long-term solution to the Gaza water crisis. A major part of the proposed Action is directed to assisting quicker-impact, short and medium-term measures which address equally critical issues such as the efficiency and energy sustainability of the water system and flood control.

#### In support to the reform of the water sector

The water sector is characterised by institutional weaknesses and an insufficient financial sustainability of operations. The implementation of the 2014 Water Law remains crucial to improve the performance of the institutional architecture, which needs to be based on the establishment of the National Water Company. Transforming the West Bank Water Department into a national governmental company owned by the Palestinian Authority will contribute to the suitability and economic viability of the entire sector and thus affect all actions both directly and indirectly.

### In support to enhanced wastewater treatment in the West Bank

The Tubas Tayasir Waste Water Treatment Plant is a comprehensive project assessed by a recent evaluation as very relevant for the population of the target area. The same study recommended the assistance to be extended to the Tubas Joint Water and Wastewater Service Council (T-JWSSC), with the aim to make its operations, in particular of the wastewater component, more sustainable. Furthermore, a recent EU-funded feasibility study demonstrates that the T-JWSSC is financially viable in the long term. Accompanying the completion of the works with the technical assistance and training required to enhance the institutional organisation and capacity of the council is expected to ensure the development of a core regional utility provider, fully able to deliver in line with the water sector reform.

### In support to increased sustainable RE energy generation and use in Palestine

In September 2020, the Interim Power Purchase Agreement (PPA) between the Israeli Electricity Corporation and the Palestinian Electricity Transmission Company (PETL) was signed and 3 substations were transferred to PA in West Bank. Discussions on the sector's credit worthiness have progressed and the international community and the donors in the energy sectors were coalescing around the Lacs meetings and Energy sector groups to co-ordinate supporting efforts and ensuring coherent policy dialogue. In Gaza, the impact of power shortages on imported energy from Israel, during the May 2021 war has affected all aspects of life. Restoration of energy supply was listed as a top priority in social, water and sanitation sectors. Since, PENRA's policy to diversify energy sources in Gaza experienced a new impetus and this initiative has European's Union full support. Renewable energy remains an important addition to supply to Palestine. Renewable energy supports independence, diversification, and reduces cost and net lending. Further, it contributes to reducing CO2 emissions and to fulfilling PA's commitments to the Paris Agreement objectives on climate change economic sectors. Meanwhile, in GAZA, the energy distribution company, GEDCO was subject to an audit in 2021 in the framework of Institution reform programme in Gaza, and the recommendations are being implemented this current year, including deployment of smart meters that should allow to increase energy efficiency and GEDCO performance, creditworthiness and bill collection.

### In support of water and energy sector projects facilitation

Support of the Office of the Quartet (OQ) is foreseen to continue, extending for further 2 years the financial support already approved for 2018 operations. The OQ is playing an important role in facilitating large scale projects in the field of water and energy (such as the GCDP and the Gas for Gaza) and EU investments through this and previous Annual Action Plans will directly benefit from improved co-ordination and dialogue.

### **3.6. Indicative Logical Framework Matrix**



Results	Results chain: Main expected results [maximum 10 ]	Indicators [it least one indicator per expected result ]	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
<b>Impact</b>	Provision of self-sufficient, equitable, affordable and sustainable access to energy, safe water and sanitation services for all <i>(as per Joint Result Framework of the European Joint Strategy)</i>	1 International Health Regulations (IHR) capacity and health emergency preparedness. (SDG indicator 3.d.1) 2 Number of individuals with access to improved drinking water sources and/or sanitation facilities with EU support 3. Proportion of population with access to electricity. (SDG indicator 7.1.1)	To be refined during project preparation	To be refined during project preparation	SDG Reports PCBS quarterly indicators data PA fiscal reporting, World Bank and IMF reports	<i>Not applicable</i>
<b>Outcome 1</b>	1. Improved quality and sustainability of water and energy services in Gaza and achievement of long-term solutions to secure water for all in Gaza.	1.1 The share of RE in use for Water & Sanitation Infrastructure in Gaza increases. 1.2 Delays/disruption due to power unavailability/power cuts in health facilities in Gaza decreases	1.1 0 1.2 to be redefined during project preparation	1.1+ 10% of the energy mix used for existing water infrastructure included in Project 1.2 to be redefined during project preparation	PCBS quarterly indicators data PWA specific studies data Specific impact assessment Baseline Surveys Partner Reports Mid Term / Final Review	Rift between Gaza and the West Bank does not escalate further and PA retains a presence in Gaza.  No significant deterioration of the current political and security context.

						Stakeholders remain committed to the project and related reforms.
<b>Outcome 2</b>	2. National Water Company (NWC) is established.	Status of institutional arrangement for the establishment and operation of the National Water Company (NWC) beyond project end.	NOT in place	Established	ditto	ditto
<b>Outcome 3</b>	3. Efficient Sanitation Services in Tubas Governorate by completing the Tubas Waste Water Treatment Plant, ensuring its sustainable operationalisation.	Percentage of tariff collected vs. total management, operation, and maintenance costs of WWTP and related services.	Less than 50%	75% by 2021	ditto	ditto
<b>Outcome 4</b>	4. Accelerated transition to greener and more sustainable energy provision and use	4.1 Increase of the RE capacity and supply connected 4.2 Reduction of non-technical losses in Gaza(KW)	4.1 to be defined during project preparation 4.2 to be defined during project preparation	4.1 to be defined during project preparation 4.2 to be defined during project preparation	PENRA, PERC yearly reports MoHealth, Ministry of Social Affairs, Ministry of Education yearly reports GEDCO & electricity distribution companies Reports	

<b>Output 1</b> related to Outcome 1	1.1 Deployed RE equipment for selected existing Water and Sanitation infrastructure	1.1.1 MW renewable energy installed for water and sanitation facilities 1.1.2 Number of water and wastewater facilities equipped with RE	1.1.1 0 1.1.2 0	1.1.1 tbc 1.1.2 tbc	1.1.1 1.1.2	PWA reports CMWU reports Project monitoring reports CMWU Registry and Books Specific reports
<b>Output 2</b> related to Outcome 1	1.2 better storm water management and increased retention basin to support the recharge of the Gaza Aquifer.	1.2.1 Number of storm water management facilities implemented 1.2.2 Volume of storm water infiltration potential to the aquifer	1.2.1 0 1.2.2 0	1.2.1 tbc 1.2.2 tbc	1.2.1 1.2.2	PWA reports CMWU reports Project monitoring reports CMWU Registry and Books Specific reports
<b>Output 3</b> related to Outcome 1	1.3 Water and energy infrastructure projects are expedited through OQ-facilitated negotiations with GoI and PA.	Number of agreements (formal/informal) on dual use and staff material movement initiated by OQ and signed	0 agreements (formal/informal) signed	minimum 2 agreements (formal/informal) signed	Copy of Agreements and Project Reports	Willingness of PA and GoI to collaborate
<b>Output 1</b> related to Outcome 2	2.1 National Water Company (NWC) established.	NWC is established	NOT in place	Established and operational by 2021	2.1.1 2.1.2	Willingness of PA to Commit to Water Reform

<b>Output 1</b> related to Outcome 3	3.1 successful completion of the Tubas Tayasir Waste Water Treatment Plant by financing the required price revisions.	Closure of Tubas Tayasir Wastewater Treatment Plant Contract	Open	100% Contract completion by 2019		Quality of the work provided by the contractors Agreement on variations if any within 15% of Contract Price
<b>Output 2</b> related to Outcome 3	3.2 T-JWSSC economically viable.	3.2.1. Number of people benefitting from improved water and sanitation services 3.2.2 % of Household connections connected to Sewer Network	3.2.1. 0 3.2.2 0	3.2.1. 57 000 by 2021 3.2.2 75% by 2021	Project monitoring reports Steering Committees' Minutes Ad hoc reports T-JWSSC and WBWD records	Willingness of PA to Commit to Water Reform Commitment of T-JWSSC and financial stability
<b>Output 1</b> related to Outcome 4	4.1 Increased sustainable energy generation through renewable energy (RE) and increased energy efficiency (EE) technology deployment	4.1.1. Number of social (health, education) premises benefitting of RE supply / PV rooftop installations 4.1.2. Number of smart meters installed	to be refined during project preparation	to be refined during project preparation	PENRA's implementation reports	

## **4. IMPLEMENTATION ARRANGEMENTS**

### **4.1. Financing Agreement**

In order to implement this action, it is envisaged to conclude a financing agreement with the partner country.

### **4.2. Indicative Implementation Period**

The indicative operational implementation period of this action, during which the activities described in section 3.1 will be carried out and the corresponding contracts and agreements implemented, is 96 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this financing Decision and the relevant contracts and agreements.

### **4.3. Implementation Modalities applicable for Project modality**

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>6</sup>.

#### **4.3.1. Direct Management (Procurement)**

- 4.3.1.1. This procurement will contribute to achieving Specific Objective 2 *Output 2.1 Establishment of the National Water Company (NWC)*
- 4.3.1.2. This procurement will contribute to achieving Specific Objective 2 *Output 3.2 Supporting the T-JWSSC in becoming economically viable.*

#### **4.3.2. Indirect Management with a Member State Organisation / international organisation**

##### **4.3.2.1. Indirect Management with a Pillar Assessed Organisation**

A part of this action may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria: previous/current experience of managing and implementing water sector projects of a similar nature and magnitude, in particular in the Gaza Strip and in relation to water/energy efficiency; previous/current experience working and coordinating with the EU in the water sector. The implementation by this entity entails activities which contribute to achieving Outcome 1 and in particular *Output 1.1 Equipping selected existing Water and Sanitation infrastructure with renewable energy equipment.*

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<sup>6</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu) Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

#### **4.3.2.2. Indirect Management with a Pillar Assessed Organisation**

A part of this action may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria: previous and current experience of managing and implementing energy sector projects of a similar nature and magnitude, in particular in the Gaza Strip and in relation to Renewable energy and energy efficiency; previous/current experience working and coordinating with the EU in the energy sector. The implementation by this entity entails activities which contribute to achieving Outcome 1 and in particular *Output 1.2 Using storm water management and retention basin to support the recharge of the Gaza Aquifer* as well as Outcome 4 and in particular *Output 4.1 Increased sustainable energy generation in Gaza through renewable energy (RE) and energy efficiency (EE) technology*

#### **4.3.2.3. Indirect Management with an international organisation**

A part of this action may be implemented in indirect management with UNOPS. This implementation entails activities which contribute to achieving Outcome 1 and in particular *Output 1.3 On-going and future water and energy infrastructure projects are expedited through OQ-facilitated negotiations with GoI and PA*. The envisaged entity has been selected using the following criteria: i) UNOPS is the UN agency through which the OQ processes its recruitments and manages administratively its staff; ii) The OQ's mandate is to help mediate the Middle East peace negotiations and to support Palestinian economic development and institution-building in preparation for eventual statehood and to facilitate the dialogues between PA and ISR; iii) due to its unique role of facilitator between PA and ISR the OQ enjoys neutrality status and equal access to the parties, thus is seen as the most appropriate vehicle to develop a solid dialogue between the PA and Government of Israel. Due to its specific mandate as support to the Office of the Quartet, UNOPS fulfils these criteria.

#### **4.3.3. Indirect Management with the Partner Country**

A part of this action with the objective of improving the wastewater treatment in Tubas Governorate through *successful completion of the Tubas Tayasir Waste Water Treatment Plant (Output 3.1)* may be implemented in indirect management with the Palestinian Authority according to the following modalities:

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control ex- ante all the procurement and grant procedures.

Payments are executed by the Commission.

The partner country shall apply the Commission's rules on procurement and grants. These rules will be laid down in the financing agreement to be concluded with the partner country.

#### **4.4. Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

#### 4.5. Indicative Budget

<b>Indicative Budget components</b>	<b>EU contribution (amount in EUR)</b>
<b>Implementation modalities</b> – cf. section 4.3	
<b>Outcome 1</b> Improved quality and sustainability of water and energy services in Gaza and achievement of long-term solutions to secure water for all in Gaza composed of	<b>20 000 000</b>
Indirect Management with a Member State Organisation - cf. section 4.3.2.1	16 000 000
Indirect Management with a Member State Organisation - cf. section 4.3.2.2	2 900 000
Indirect Management with an international organisation - cf. section 4.3.2.3	1 000 000
<b>Outcome 2</b> Support to the Water Reform by contributing to the establishment of the National Water Company (NWC)	<b>1 800 000</b>
Procurement (direct management) – cf. section 4.3.1.1	NA
<b>Outcome 3</b> Secure efficient Sanitation Services in Tubas Governorate by completing the Tubas Waste Water Treatment Plant, ensuring its sustainable operationalisation	<b>3 275 000</b>
Indirect Management with the Partner Country - cf. section 4.3.3	2 125 000
Procurement (direct management) – cf. section 4.3.1.2	NA
<b>Outcome 4</b> Energy transition	<b>6 000 000</b>
Indirect Management with a Member State Organisation - cf. section 4.3.2.2	6 000 000
<b>Procurement</b> – total envelope under section 4.3.1	<b>2 950 000</b>
<b>Evaluation</b> – cf. section 5.2	<b>150 000</b>
<b>Audit</b> – cf. section 5.3	
<b>Communication and visibility</b> – cf. section 6	<b>N.A.</b>
<b>Contingencies</b>	<b>175 000</b>
<b>Totals</b>	<b>31 400 000</b>

#### 4.6. Organisational Set-up and Responsibilities

For each individual component of the action a dedicated Steering Committee will be established that will provide strategic advice and guidance during implementation, ensuring general oversight on the progress of activities. For a transparent and effective implementation of the projects, Project Management Committees will also be established. Their mandate is to ensure technical standards, provide technical inputs and review project progress in bi-monthly or quarterly meetings. Detailed arrangements for the organisational set-up, responsibilities, compositions and frequency of meetings of the individual Committees will be outlined in the design stage of the individual interventions within the specific components.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

## **5. PERFORMANCE MEASUREMENT**

### **5.1. Monitoring and Reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

A comprehensive system of monitoring, control and audit will be applied in the framework of the implementation of this programme, to provide assurance over the use of funds, and the efficient and effective provision of support to the implementing partners. The programme will use as reference the logframe matrix.

For each project funded within the scope of this programme, reports shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. Final reports, narrative and financial, will cover the entire period of implementation.

SDGs indicators and the jointly agreed indicators under the European Joint Strategy (the Result Oriented Framework) will be taken into account. Baseline and target values have been identified throughout 2021, and include gender disaggregated data.

### **5.2. Evaluation**

Having regard to the nature of the action, a mid-term and final evaluations may be carried out for this action or its components either via independent consultants, or through a joint mission, or contracted by the Commission or via an implementing partner.

A mid-term evaluation may be carried out for either problem solving or learning purposes, while a final evaluation may be carried out for accountability and learning purposes at various levels (including for policy revision).

The Commission shall inform the implementing partner at least a month in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.



### **5.3. Audit and Verifications**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

## **6. COMMUNICATION AND VISIBILITY**

Communication and visibility is a contractual obligation for all entities implementing EU-funded external actions, to advertise the European Union's support for their work to the relevant audiences.

To that end they must comply with the instructions given in the *Communication and Visibility Requirements* of 2018 (or any successor document), notably with regard to the use of the EU emblem and the elaboration of a dedicated communication and visibility plan, to be completed for every action at the start of implementation.

These obligations apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries or entrusted entities. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and delegation agreements.

Communication and visibility measures may be funded from the amounts allocated to the action. For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds.

Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

Implementing partners shall keep the Commission and concerned EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before work starts. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.