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IDA/R2019-0237/1

July 1, 2019

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<p><b>Closing Date: Monday, July 22, 2019 at 6:00 p.m.</b></p>
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FROM: Vice President and Corporate Secretary

**West Bank and Gaza - Real Estate Registration Project**

**Project Appraisal Document**

Attached is the Project Appraisal Document regarding a proposed grant to the Palestinian Liberation Organization (for the benefit of the Palestinian Authority) from the Trust Fund for Gaza and the West Bank, administered by the International Development Association for a Real Estate Registration Project (IDA/R2019-0237), which is being processed on an absence-of-objection basis.

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Directors and Department Heads, Bank, IFC, and MIGA





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Report No: PAD3196

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF US\$5 MILLION  
FROM THE TRUST FUND FOR GAZA AND WEST BANK

WITH CO-FINANCING FROM THE PALESTINIAN PARTNERSHIP FOR INFRASTRUCTURE  
DEVELOPMENT MULTI-DONOR TRUST FUND IN THE AMOUNT OF US\$3 MILLION

AND WITH CO-FINANCING FROM THE GLOBAL PARTNERSHIP FOR RESULTS-BASED APPROACHES  
IN THE AMOUNT OF US\$4.6 MILLION

TO THE

PALESTINE LIBERATION ORGANIZATION  
(FOR THE BENEFIT OF THE PALESTINIAN AUTHORITY)

FOR A

REAL ESTATE REGISTRATION PROJECT

June 27, 2019

Social, Urban, Rural And Resilience Global Practice  
Middle East And North Africa Region

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective {Apr 1, 2019})

Currency Unit = Israeli New Shekel (ILS)

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US\$1 = ILS3.62

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## FISCAL YEAR

January 1 - December 31

Regional Vice President: Ferid Belhaj

Country Director: Kanthan Shankar

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## ABBREVIATIONS AND ACRONYMS

AHLC	Ad Hoc Liaison Committee
AS	Assistance Strategy
ASA	Advisory Services and Analytics
BETF	Bank-Executed Trust Fund
BPR	Business Process Re-Engineering
CLRS	Computerized Land Registry System
CORS	Continuously Operating Reference Station
DA	Designated Account
DLI	Disbursement-Linked Indicator
DP	Development Partner
DPG	Development Policy Grant
FFP	Fit-for-Purpose
FM	Financial Management
G2B	Government-to-Business
G2C	Government-to-Citizens
G2G	Government-to-Government
GAP	Gender Action Plan
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GIS	Geographic Information System
GIZ	German Corporation for International Cooperation
GoF	Government of Finland
Goi	Government of Israel
GPRBA	Global Partnership for Results-Based Approaches
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
GSURR	Social, Urban, Rural and Resilience Global Practice
IaaS	Infrastructure as a Service
ICR	Implementation Completion and Results Report
ICT	Information and Communication Technology
IDN	Inclusive Diagnostic Note
IFR	Interim Financial Reports
IPF	Investment Project Financing
ISP	Implementation Support Plan
ITRF	International Terrestrial Reference Frame
IVA	Independent Verification Agent
LAP I	First Land Administration Project
LAP II	Second Land Administration Project
LGU	Local Government Units
LWSC	Land Water and Settlement Commission

M&E	Monitoring and Evaluation
MENA	Middle East & North Africa Region
MFD	Maximizing Finance for Development
MM	Mitigating Measures
MoFP	Ministry of Finance and Planning
MOU	Memorandum of Understanding
MSME	Micro-, Small- and Medium-Enterprises
NAP	National Adaptation Plan to Climate Change
NPA	National Policy Agenda
NRO	Netherlands Representative Office
PA	Palestinian Authority
PAL-GRF	Palestine Geodetic Reference Framework
PCBS	Palestine Central Bureau of Statistics
PDO	Project Development Objective
PENRA	Palestinian Energy and Natural Resources Authority
PID MDTF	Palestinian Partnership for Infrastructure Development Multi-Donor Trust Fund
PLA	Palestine Land Authority
PLO	Palestinian Liberation Organization
PM	Project Manager
PMIS	Project Management Information System
PMO	Office of the Prime Minister
POM	Project Operations Manual
PPP	Public-Private-Partnership
PPSD	Project Procurement Strategy for Development
RERP	Real Estate Registration Project
Road Map	Road Map for Reforming the Palestinian Land Sector
RVR	Results-Verification Reports
SIA	Social Impact Assessment
SLR	Systematic Land Registration
SMP	Social Management Plan
SOE	Statement of Expenditure
SORT	Systematic Operations Risk-rating Tool
STEP	Systematic Tracking of Exchanges in Procurement
TA	Technical Assistance
TF	Trust Fund
TFGWB	Trust Fund for Gaza and West Bank
ToR	Terms of Reference
US\$	United States Dollar
WA	Withdrawal Application
WB	World Bank
WB&G	West Bank and Gaza



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DATASHEET

**BASIC INFORMATION**

Country(ies)	Project Name	
West Bank and Gaza	Real Estate Registration Project	
Project ID	Financing Instrument	Environmental Assessment Category
P168576	Investment Project Financing	B-Partial Assessment

**Financing & Implementation Modalities**

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input checked="" type="checkbox"/> Fragile State(s)
<input checked="" type="checkbox"/> Disbursement-linked Indicators (DLIs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input checked="" type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	

Expected Approval Date	Expected Closing Date
22-Jul-2019	

Bank/IFC Collaboration

No

**Proposed Development Objective(s)**

The project development objective is to enhance tenure security and improve real estate registration services.

**Components**

Component Name	Cost (US\$, millions)
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Systematic Land and Property Registration	7.80
Institutional Modernization of the PLA	4.00
Project Management and Outreach	0.80

**Organizations**

Borrower: Palestine Liberation Organization (for the benefit of the Palestinian Authority)  
 Implementing Agency: Land and Water Settlement Commission (LWSC)  
 Palestine Land Authority (PLA)

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	12.60
<b>Total Financing</b>	12.60
<b>of which IBRD/IDA</b>	0.00
<b>Financing Gap</b>	0.00

**DETAILS**

**Non-World Bank Group Financing**

Trust Funds	12.60
Global Partnership on Output-based Aid	4.60
Partnership for Infrastructure Development MDTF	3.00
Special Financing	5.00

**Expected Disbursements (in US\$, Millions)**

WB Fiscal Year	2020	2021	2022	2023	2024
<b>Annual</b>	0.85	1.75	3.00	4.50	2.50
<b>Cumulative</b>	0.85	2.60	5.60	10.10	12.60



**INSTITUTIONAL DATA**

**Practice Area (Lead)**

Social, Urban, Rural and Resilience Global Practice

**Contributing Practice Areas**

**Climate Change and Disaster Screening**

This operation has been screened for short and long-term climate change and disaster risks

**Gender Tag**

**Does the project plan to undertake any of the following?**

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF	Yes
b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment	Yes
c. Include Indicators in results framework to monitor outcomes from actions identified in (b)	Yes

**SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)**

Risk Category	Rating
1. Political and Governance	● High
2. Macroeconomic	● High
3. Sector Strategies and Policies	● Substantial
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Substantial
8. Stakeholders	● Moderate
9. Other	
10. Overall	● Substantial



## COMPLIANCE

### Policy

Does the project depart from the CPF in content or in other significant respects?

Yes  No

Does the project require any waivers of Bank policies?

Yes  No

### Safeguard Policies Triggered by the Project

	Yes	No
Environmental Assessment OP/BP 4.01	✓	
Performance Standards for Private Sector Activities OP/BP 4.03		✓
Natural Habitats OP/BP 4.04		✓
Forests OP/BP 4.36		✓
Pest Management OP 4.09		✓
Physical Cultural Resources OP/BP 4.11		✓
Indigenous Peoples OP/BP 4.10		✓
Involuntary Resettlement OP/BP 4.12		✓
Safety of Dams OP/BP 4.37		✓
Projects on International Waterways OP/BP 7.50		✓
Projects in Disputed Areas OP/BP 7.60		✓

### Legal Covenants

#### Sections and Description

Schedule 2, Section I, A.4.

Not later than sixty days after the Effectiveness Date, the Recipient, through the Palestinian Authority shall create and thereafter maintain a Steering Committee for the Project, with the following functions: (i) review annual workplans and budget; (ii) review progress, achievements and discuss any pending issues that need to be resolved at higher levels; and (iii) provide overall policy guidance. The Steering Committee will meet at least twice a year and hold extraordinary meetings when necessary.

#### Sections and Description

Schedule 2, Section I, E.1.

The Recipient, through the Palestinian Authority, shall cause PLA and LWSC to:



- (a) jointly prepare, not later than three months after the Effective Date, a Social Impact Assessment (“SIA”), under terms of reference acceptable to the Bank, for the purposes of assessing social impacts/risks related to the Project and provide mitigation measures to address them during the implementation, including any specific environmental and safeguards guidelines and documents required to be prepared under the Project;
- (b) jointly prepare, not later than three months after the Effective Date, and thereafter carry out the Project in accordance with the Social Management Plan (“SMP”), and any specific environmental and safeguards guidelines and documents required to be prepared under the Project; and
- (c) ensure that PLA and LWSC does not amend, suspend, abrogate, repeal, waive or assign any provision of the SMP, without prior approval of the Bank.

**Sections and Description**

Schedule 2, Section I, D.2.

The Recipient, through the Palestinian Authority, shall cause PLA and LWSC to cooperate with the Verification Agent to the extent necessary to permit said Verification Agent to carry out the verification activities promptly and effectively, and to evaluate the results of the verification activities, all in accordance with the verification protocol included in the POM.

**Sections and Description**

Schedule 2, Section I, E.2.

The Recipient, through the Palestinian Authority, shall cause PLA and LWSC to ensure that the activities under the Project do not require the acquisition by the Recipient of land to establish rights of way/access.

**Conditions**

Type	Description
Effectiveness	The execution and delivery of this Agreement on behalf of the Recipient and of the Implementation Agreements on behalf of PLA and LWSC respectively, have been duly authorized or ratified by all necessary governmental and corporate action.
Effectiveness	The Implementation Agreements have been executed on behalf of the Palestinian Authority and the PLA and LWSC respectively.
Effectiveness	The Subsidiary Agreement has been executed on behalf of the Recipient and the Palestinian Authority.
Effectiveness	The PID-MDTF Grant Agreement and the GPRBA Grant Agreement have been executed and delivered and all conditions precedent to its effectiveness have been fulfilled.



Type	Description
Effectiveness	The POM, acceptable to the Bank, has been approved and executed by the Recipient.
Effectiveness	The procurement and social safeguards specialists have been selected.
Disbursement	<p>Schedule 2, Section III, B.3.</p> <p>Notwithstanding the provisions of Part B.1. of this Section, if the Bank shall determine, based on the evidence furnished by the Recipient under paragraph 1 of this Part B, that any DLI has not been achieved, the Bank may in its sole discretion, by notice to the Recipient: (a) withhold in whole or in part the amount of the Financing allocated to such DLI; (b) disburse in whole or in part the amount of the Financing allocated to such DLI at any later time if and when such DLI is actually completed, to the extent that such completion remains feasible at a later time; (c) reallocate in whole or in part any withheld amount of the Financing allocated to such DLI; and/or (d) cancel in whole or in part any withheld amount of the Financing allocated to such DLI.</p>
Disbursement	<p>Schedule 2, Section III, B.1.</p> <p>Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:</p> <p>(a) for payments made prior to the date of this Agreement, except withdrawals up to an aggregate amount not to exceed \$1,000,000 may be made for payments made prior to this date but on or after January 1, 2019 for Eligible Expenditures under Categories (1), (2) and (3); or</p> <p>(b) for payments under Category (3) unless and until: (i) the Verification Agent has furnished evidence satisfactory to the Bank in accordance with the Verification Protocol set forth in the POM that the Recipient has achieved the respective DLI(s) set forth in Schedule 3 to this Agreement against which withdrawal is requested; and (ii) the Recipient has complied with and the additional supporting documentation set forth in the Disbursement and Financial Information Letter, including furnished to the Bank the interim unaudited financial reports documenting the incurrence of Eligible Expenditures.</p>
Disbursement	<p>Schedule 2, Section III, B.2.</p> <p>Notwithstanding the provisions of Parts A and B.1. of this Section, the amount of the Financing to be withdrawn upon the verified achievement of any DLI shall correspond to the DLI Value of such DLI as set forth in Schedule 3 to this Agreement, adjusted for the percentage of financing specified in Part A of this Section.</p>





## I. STRATEGIC CONTEXT

### A. Country Context

1. The economic conditions in the West Bank and Gaza (WB&G) have weakened significantly in 2018. The Palestinian economy has been driven mainly by large inflows of transfers, which have dropped significantly in recent years and are no longer able to offset the impact of a weak business environment. As a result, the Palestinian economy has been on a declining growth trajectory and experienced almost zero growth in 2018. With a population growth of around three percent, 2018 registered a sizeable decline in the real incomes of Palestinians, resulting in worsening living conditions.
2. Living conditions have deteriorated in recent years, mainly in Gaza. Around 24 percent of Palestinians lived below the 2011 PPP poverty line of US\$5.5 a day in 2016/17 (latest available data) – 2.9 percentage points higher than in 2011. Forty-six percent of the population are below the US\$5.5 poverty line in Gaza, compared to 9 percent in the West Bank. Living standards in both regions remain fragile. In the West Bank, poverty status is sensitive to even small shocks in household expenditures, while in Gaza any change in social assistance flows can significantly affect the population's wellbeing.
3. To achieve sustainable economic growth in the WB&G, growth and job creation going forward will need to be private sector driven. For a small economy, achieving a sustainable growth path depends to a large extent on having a private sector that is able to compete in regional and global markets and increase exports of goods and services. The focus for economic development should therefore be on removing constraints and creating the right conditions for the private sector to flourish.

### B. Sectoral and Institutional Context

4. Access to land and real estate in the Palestinian territories remains one of the largest impediments to economic growth. In the biannual reports to the AHLC, the World Bank (WB) continues to strongly recommend the acceleration of land registration in Areas A and B for development of the business environment to spur economic growth.<sup>1</sup> The September 2016 AHLC report<sup>2</sup> and 2017 WB&G Inclusive Diagnostic Note (IDN) both noted that limited land registration and unclear property rights presented major challenges for business and housing development. The WB's WB&G Investment Climate Assessment recommended supporting and improving PA capacity for land management and registration in Areas A and B to help ease a key constraint to investment and business.<sup>3</sup> The 2015 Housing Sector Technical Assistance (TA) (P128982) found the lack of registration and legal property titles as a major constraint for the housing and constructions sectors, which account for a significant proportion of the economy, employing between 11 to 14 percent of the WB&G workforce. The TA further cites that the relatively slow progress of property registration at a national scale is holding up efforts to develop mortgage lending, since banks require official land

<sup>1</sup> This includes the latest report to the Ad Hoc Liaison Committee as of September 2018:

<http://documents.worldbank.org/curated/en/413851537281565349/pdf/129986-REVISED-World-Bank-Sept-2018-AHLC-Report-final.pdf>

<sup>2</sup> Economic monitoring report to the Ad Hoc Liaison Committee, September 2016:

<http://documents.worldbank.org/curated/en/474311473682340785/pdf/108205-V2-WP-PUBLIC-SEPT-14-2PM-September-2016-AHLC-World-Bank-Report.pdf>

<sup>3</sup> West Bank and Gaza Investment Climate Assessment, 2014:

<http://documents.worldbank.org/curated/en/249591468142766989/pdf/AUS21220REVISE0A0REPORT0SEPT0902014.pdf>



titles as collateral.

5. The 2018 WB report – *The Socio-Economic Effects of Weak Land Registration and Administration System in the West Bank*<sup>4</sup> – assessed that the most direct and significant economic impact of land registration is manifested through the financial sector, primarily through the lending and mortgage markets. Real estate is the West Bank’s most important source of collateral and the primary instrument used by banks to secure mortgages and loans, especially to Micro-Enterprises and Small and Medium Enterprises (MSMEs). Land accounts for roughly 60 to 70 percent of collateral holdings in the WB&G, however, only formally registered land is eligible. The study conservatively estimated that the collateral value of unregistered land in Areas A and B ranges between US\$7 billion and US\$35 billion. The additional collateral would improve access to finance for many households and MSMEs that are unable to generate their financing needs because of the lack of the required collateral.
6. The First Land Administration Project (LAP I; P080892), financed by the WB and the Government of Finland (GoF), was launched in 2005, to support the Palestine Land Authority (PLA) and modernize land administration services in the Palestinian territories. Completed in 2008, LAP I developed procedures for the issuance of land titles and registration of property transactions, piloted systematic land registration (SLR), and modernized land service offices. The Second LAP (LAP II; P105403) was launched in 2012 with financial and technical support from the WB and GoF to scale up the systematic registration process. LAP II encountered obstacles throughout its implementation and failed to make significant progress towards its objectives; it was subsequently cancelled in 2016 (see Section F: Lessons Learned).
7. In response to the cancellation of LAP II, the Office of the Prime Minister (PMO) launched the government reform program, *Road Map for Reforming the Palestinian Land Sector* (Road Map). The Road Map emphasizes that “land sector reform in the Palestinian territories is fundamental to improving tenure security, stimulating economic growth, generating revenues for government finances, and building trust between government and citizens.” It was endorsed by the Cabinet<sup>5</sup> in September 2017 and commenced soon after. The Road Map outlines a comprehensive, multiphase, multi-stakeholder approach to reforming the land sector, including specific policy, legal and institutional reforms needed in the short, medium, and long term.<sup>6</sup>
8. The PLA<sup>7</sup> is the national agency responsible for property registration and related transactions, including transfers and mortgages, and state property management. However, to accelerate progress in first-time SLR under Pillar (i) of the Road Map, the PMO established a new agency in March 2016, the Land and Water Settlement Commission (LWSC)<sup>8</sup>, as a separate agency from the PLA. A settlement judge was appointed as the Head of the LWSC, and staff members were seconded from the PLA, in addition to the appointment of new contracted staff. The LWSC built on lessons learned from LAP I and LAP II, including to “partner with municipalities” and the communities through formal mechanisms to improve the efficiency and governance of SLR. LWSC adopted a decentralized approach, working with Local Government Units (LGUs) to complete settlement surveys under the guidance of the LWSC. The Commission in turn completes the remaining settlement process and prepares the table of rights, with titles and corresponding

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<sup>4</sup> World Bank (2018). *The Socio-Economic Effects of Weak Land Registration and Administration System in the West Bank*.

<sup>5</sup> Cabinet Decision Number 01/171/2017.

<sup>6</sup> The key sector reform pillars of the Road Map are: (i) completing SLR for Areas A and B; (ii) institutional reform of land sector agencies, including governance arrangements; (iii) transparent, effective, and accountable management of public land; (iv) property tax reform; (v) establishing a national spatial data infrastructure; and (vi) preparing an inventory and mapping of rights in Area C.

<sup>7</sup> Established in 2002 and governed by PLA Law 6 of 2010.

<sup>8</sup> Law Number 7 of 2016.



ownership, for the PLA.

9. In the period since LWSC's inception until the end of 2018, 374,322.1 dunums<sup>9</sup> have been demarcated and surveyed, and the agency has completed registration (settlement) of 112,827.58 dunums (approximately 192,517 titles). In two and half years, this has exceeded what was achieved in total during the previous fourteen years of settlement activity. Despite good initial progress, key operational and regulatory issues remain and need to be addressed to accelerate further systematic registration. Thirty-eight percent<sup>10</sup> of the land in the West Bank is currently registered, with a significant portion of unregistered properties remaining in the urban centers.
10. In parallel to increased settlement activity, the PA has continued to demonstrate commitment for reform of the land sector. The PA is progressing on the Road Map's Pillar (ii): Institutional reform of land sector agencies, focusing on the PLA, which receives and registers the property titles issued by the settlement activities to complete the process. In April 2018, to continue the reform of the PLA and to align the two agencies more closely, the PA appointed the Head of the LWSC to act jointly as the Chairman of the PLA. The PLA has since completed internal restructuring with new management in place for key departments, including registration and surveying. Under the ongoing *Support to the Palestinian Land Sector Advisory Services and Analytics* (ASA; P163872), the WB provided technical support to amend the PLA Laws of 2002 and 2010, including provision of a Board of Directors for the PLA and increased oversight on state property management. The institutional change, which aims to increase transparency at the PLA, was approved by the Cabinet in October 2018 and now awaits the President's signature.
11. The PLA has made further efforts to continue with reforms as advised by the WB. Under the new chairman, a technical committee of legal experts has been created to review and update the legal and regulatory framework governing real estate and property. The PLA also took steps in 2017 to improve the procedures and time for registering property transfers for companies and professional associations<sup>11</sup>. However, the PLA needs targeted strengthening to become operationally ready to handle a substantial increase in the number of registered titles and to become a client-oriented organization with a focus on providing e-services to government agencies and institutions, businesses and citizens, in order to accelerate services in registering property transactions. To achieve this transformation, the agency needs to move from a manual system to a business process automated system and to gradually provide more of its e-services online.
12. Recently, two Cabinet Decisions have been made by the PA under Road Map's Pillar (iv) on Property Tax Reform to: (i) devolve property tax collection from the central level to the LGUs; and (ii) relocate the central property tax unit from the Ministry of Finance and Planning (MoFP) to the PLA, which in turn will support the LGUs with the relevant property ownership information. The WB will provide technical assistance to the PA to support the Property Tax Reform Pillar through the ongoing ASA and the ongoing Local Government Programmatic ASA (P161279).
13. Women remain marginalized in the WB&G in terms of property ownership and land rights. There is often strong familial pressure on women to waive their inheritance ownership rights to property. There are no official statistics on women's property ownership, either individually or through joint or common property arrangements; however, anecdotal evidence suggests that women's ownership rates are low, with their access to land limited primarily through social norms that prevent the exercise of inheritance rights. There are also economic incentives for men to attempt to hold on to as much of the investment (i.e. land and property) as possible. Vulnerable women are

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<sup>9</sup> Dunum or dunam is a unit of measurement of land currently is equivalent to 1000 m<sup>2</sup>.

<sup>10</sup> Based on data provided by LWSC.

<sup>11</sup> PLA Circular, February 7, 2017.



particularly affected, as they may be too timid, poor or unaware of procedures to utilize the court systems to maintain their rights. Despite these challenges, the LWSC is working to ensure women's rights to registered property. For example, the process of land registration supported by the LWSC requires, as a first step, the subdivision of land based on inheritance where applicable, ensuring women's inheritance rights are recorded. According to the LWSC, roughly one-third of land/properties being registered through its first-time registration process are in the name of women.

14. Finally, property valuation in the Palestinian territories is in a very underdeveloped state. There are no full-time qualified valuers either in the private sector nor in the public sector, a unified methodology for property valuation is lacking, and legislation from the British Mandate era that requires licensing of valuers exists but is not enforced. There is neither quality control nor compliance with international valuation standards. As such, the process is vulnerable to corruption and is believed to result in registration of lower-than-market values. No reliable, objective data sources are available as the basis for estimating real market values of properties or for analyzing market trends<sup>12</sup>. The current process, together with non-harmonized valuation practices, has an impact on available market information, the expansion of the property market, the risks of investment, and equity of property taxation. The way forward in the short term is to improve property value information that is used as the benchmark for property transaction registration, in order to reduce the time needed to complete property transaction registration, and as the basis for developing recurrent property taxation.

### C. Relevance to Higher Level Objectives

15. In addition to supporting the World Bank Group's twin goals of ending extreme poverty and promoting shared prosperity in a sustainable manner, the project aligns with the World Bank Group Strategy (AS) FY2018-21 for the WB&G, which emphasizes support to private sector activities, including job-creating enterprises and infrastructure. The project contributes to Pillar 1: Setting the conditions for increased private sector investments and job creation, and Pillar 3: Addressing the needs of the vulnerable and strengthening institutions for improved citizen-centered service delivery. The AS identifies limited land registration and unclear property rights within areas controlled by the PA as major constraints for urban/housing and business development; the resulting challenges to access finance are affecting the development of MSMEs in the Palestinian territories. The project will create a conducive environment for private sector growth and contribute to the institutional strengthening and improvement of service delivery in the land and urban sectors. By hastening the completion of SLR, the project will lead to a greater supply of registered properties in the market for increased investment, private sector lending, and access to finance through collateral from titled properties and real estate. These are key factors that are necessary for the establishing new businesses and expanding existing ones, which contribute to job creation. Vulnerable groups will also benefit from the project, as secure property rights resulting from SLR will provide them with more opportunities for private sector participation, particularly through increased access to finance, and improved livelihoods.
16. Increased numbers of registered properties will provide further sources of financing for local and national governments through property tax. At the local government level, urban development and planning practices will improve through updated land records and cadastral maps. The automation and modernization of the PLA and the accompanying capacity development for the agency should lead to: (i) improved and more transparent real estate services for citizens; and (ii) a reduction in the time it takes to register a property transaction, including sales and mortgages, which is expected to contribute to an annual productivity increase for the agency. The project will provide

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<sup>12</sup> Palestinian Authority Land Administration Project, Valuation Study, Ministry of Planning, 2007.



opportunities for the PA to explore options to Maximizing Finance for Development (MFD) through private sector participation in real estate and property administration in line with international best practices. Overall, the project is expected to contribute to addressing existing land market weaknesses, advance development of the mortgage market, and create space for increased private sector activity. Completed registration and clear ownership rights, including of state property, will also provide contextual support towards the AS' recommendation of utilizing Public-Private-Partnerships (PPPs) to help address the significant investment needs at the municipal level. This will help facilitate additional IFC engagements in the West Bank, which has faced challenges in supporting private sector investments in infrastructure development due to unclear land titling and inefficient land administration systems.

17. The project supports the expanded World Bank Group MENA Strategy. The advancement of land registration and reform of the sector for better services and increased transparency will contribute to renewing the social contract and enable private sector investments. The focus on enhancing and securing women's land rights will provide additional opportunities for women through increased access to finance. The automation activities of the PLA functions, including a digital archive, will contribute to creating a modern and efficient land sector and help businesses, and support the launch of digital transformation in public services.
18. The project supports the objectives of the PA's National Policy Agenda (NPA) with which the AS is aligned, including on NPA Pillar 2: "Government reform." It contributes to National Priority 4-Policy 8: "Citizen-Centered Government – Improving Services to Citizens"; and National Priority 5-Policy 9: "Effective Government –Strengthening Accountability and Transparency" for the land sector. The NPA calls to: "Establish a comprehensive approach to land administration that optimizes land use, completes land registration, improves services to citizens, and efficiently and transparently manages state lands." The project is linked to additional NPA policy interventions to: (i) develop and implement a government wide service improvement strategy; (ii) develop and implement an e-government strategy; and (iii) strengthen service delivery in partnership with the private sector and civil society.

## II. PROJECT DESCRIPTION

### A. Project Development Objective (PDO)

19. The project development objective is to enhance tenure security and improve real estate registration services.
20. The PDO will be achieved through advancing the registration of properties in Areas A and B of the West Bank through direct support to the PA's ongoing efforts, thus improving availability and access to registered properties. The project will support the ongoing systematic approach, which comprehensively benefits citizens, businesses (including MSMEs), and public entities through real estate registration and the improvement of real estate services. The PDO will also be achieved through support to the automation of the real estate registration system and related services for citizens and businesses.
21. The **PDO Level Indicators** are:
  - Properties in target areas with final ownership rights registered (Number) (of which percentage registered in the name of women or jointly);
  - Time to register property rights under the SLR process reduced (Months); and
  - Satisfaction of beneficiaries with respect to real estate registration services improved (including percentage of



women satisfied) (Percentage).

## B. Project Components

22. The project comprises of three components, which are described below.
23. **Component 1: Systematic Land and Property Registration (US\$7.8 million: of which TFGWB – US\$1.2 million; PID MDTF – US\$2.0 million; GPRBA – US\$4.6 million).** The objective of this component is to support the PA in its plan to complete systematic land registration (SLR) across the Palestinian territories over a four-year period through a results-based payments approach. LWSC will be responsible for implementing this component, as it has legal responsibility for the completion of the settlement activities. WB funding will support SLR financing in Areas A and B. It will also support the enhancement of institutional functions and capacity at LWSC. The component is structured in a four-year plan, in alignment with the business plan prepared by LWSC. It will also focus on ensuring that the rights of women and vulnerable groups are protected by ensuring that they participate in the SLR process and by promoting the registration of their rights. The delivery of Component 1 will take a phased approach and will require a strong project management plan, which will be supported by a Project Management Information System (PMIS).
24. Specifically, the project will finance the following sub-components:
- a. **1.1: Systematic Land Registration (US\$7.0 million: of which TFGWB – US\$0.7 million; PID MDTF – US\$2.0 million; GPRBA – US\$4.3 million).** This sub-component will carry out systematic land registration (SLR) in Areas A and B of the West Bank.

This sub-component will, through the use of a Disbursement Linked Indicator (DLI), reimburse the PA for eligible expenditures based on agreed targets for verified properties registered. A reimbursement of US\$20 will be provided per eligible property title registered in Areas A and B, with a targeted number of 350,000 registered properties by the end of the project. The outputs will be measured against the Table of Rights that demarcates property titles and their corresponding ownership, which are issued by the LWSC and transferred to the PLA. The project support will be aligned with the LWSC's existing workplan and will cover the expenditures of consulting and non-consulting services, goods, and recurring costs relating to the settlement activities undertaken by the LWSC, including: quality assurance of survey work, conversion of surveyed information in the GIS, public awareness and community outreach, collection and filing of ownership claims, preparation of table of claims, dispute resolution and mediation, preparation of table of rights and corresponding cadastral maps, grievance redress, and real estate transactions during settlement<sup>13</sup>.

The establishment of clear property ownership, including of public land, will also facilitate improved urban planning practices, including the space to establish cross-sectoral approaches to urban resilience and the development of infrastructure to protect against the impacts of natural disasters.

- b. **1.2: Gender Action Plan (GPRBA – US\$0.3 million).** This sub-component will support the development of a Gender Action Plan (GAP) for LWSC, for the purposes of increasing awareness, participation, accessibility and opportunity for establishing women's property rights in the SLR process, as well as those of vulnerable groups.

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<sup>13</sup> LGUs are responsible for contracting private surveyors (with their own funds) to do the demarcation and surveying of land parcels.



The GAP will be developed within the first six months of project implementation and will be financed as a DLI output. The implementation of GAP recommendations will be financed as DLI outputs as well. The GAP will advise LWSC on strengthening the role of women in SLR, and to ensure property rights for women and vulnerable groups in the West Bank. The GAP will advise on follow-up actions to include in the SLR process, which will not only improve tenure security, but also provide women and vulnerable groups with increased access to finance and opportunities. The LWSC has made a targeted effort through the SLR process to ensure the registration of women's ownership rights through an accurate revision of existing records and claims. By developing the GAP, the project will build on the current efforts and identify additional actions to increase awareness, participation, accessibility, and opportunity for establishing women's property rights (for example the inclusion of women in the adjudication teams). Implementation of the GAP recommendations is an intermediate indicator of the project.

- c. **1.3: Training, Capacity Building, and TA (TFGWB – US\$0.2 million).** This sub-component will provide training, capacity building, and targeted TA in support of the LWSC. The sub-component will not be financed as a DLI output.
- d. **1.4: Development of Automated Processes in SLR (TFGWB – US\$0.3 million).** This sub-component will support the establishment of a Project Management Information System (PMIS) and a Streamlined Workflow System to support information technology-enabled automation of the business processes related to first-time property registration.

The PMIS will monitor workplans, budgets, targets and outputs, record gender-disaggregated data, and develop a Streamlined Workflow System, including automation practices for data collection. Current business processes are fragmented, isolated, redundant and supported by various software applications, tools, and systems. The overall process is complex, error prone, time consuming and requires unnecessary additional human resources and time. This will be achieved through a variety of activities, including business process analysis and re-engineering, development of quality control tools, consolidation of technologies for geospatial data management, and comprehensive training related to mobile data acquisition, GIS, and IT.

As part of the development of the PMIS, an existing, Web-based Project Management service will be customized, and new software will be developed to collect specified monitoring data. A set of customized indices, and the corresponding data that needs to be collected to achieve continuous monitoring, will also be defined. A contract management module will be included in the PMIS for monitoring the physical and financial progress for all MOUs signed between LWSC and the LGUs. The PMIS will also help to enhance and improve quality control procedures at the LWSC.

- 25. The funding from the Global Partnership for Results Based Approaches (GPRBA) under Component 1 will target the registration of property rights of marginalized and poverty-affected communities in Areas A and B. The soon-to-be-completed poverty maps under the West Bank and Gaza Poverty Program (P169417) and the findings of the FY18 *Avenues for Social and Economic Inclusion of Marginalized Groups in West Bank and Gaza ASA* (P164986) will inform the target areas of the project. In this context, the GPRBA funding will have a geographic focus and will be directed towards the LWSC-planned activities in these marginalized areas.
- 26. **Component 2: Institutional Modernization of the PLA (US\$4.0 million: TFGWB – US\$3.0 million; PID MDTF – US\$1.0 million).** This component will be implemented by the PLA and will build its technical capacity and support its



transformation into a modern, service-oriented organization that provides e-services to government, businesses, and citizens. Business process re-engineering and subsequent automation will streamline the PLA service provision, achieve digital transformation, increase service quality and transparency, and improve service delivery. The component will further support improving property value information through the development of mass valuation models.

a. **2.1: Automation of PLA Functions (US\$2.8 million: TFGWB – US\$2.0 million; PID MDTF – US\$0.8 million).**

This sub-component will provide support to the PLA in the following areas: (i) the preparation of a digital transformation strategy; (ii) business process analysis and reengineering; (iii) a review and assessment of the necessary improvements in the existing IT system at the PLA; (iv) business process automation and workflow management system design; (v) the design of a new, centralized, property registration and cadaster system; (vi) scanning/digitization of records, applications, and maps<sup>14</sup>; (vii) the establishment of a digital archive; and (viii) provision of training, capacity building, and targeted TA in support of the PLA.

The digital transformation strategy will be based on the PLA leadership's vision for the agency, possibilities offered by new technologies and the modified organizational setup and will also address the implementation of workflows and data exchanges between the PLA and LWSC. Necessary enhancements on the existing IT system will be supported while the new system is being designed.

Business process analysis and reengineering will focus on the assessment and design of workflows and business processes within the PLA, which will help to improve customer service and cut operational costs. Business process automation will enable the PLA's digital transformation, while business process management will improve the PLA's business processes in order to achieve the three outcomes that are crucial to a performance-based, customer-driven land administration agency: (i) clarity on strategic direction; (ii) alignment of the PLA's resources; and (iii) increased discipline in daily operations.

The design of the integrated system will be consistent with good international practices and fit-for-purpose principles for land administration and management. The system design will follow the centralized architecture pattern by utilizing modern IT trends and paradigms that support: (i) land and property registration and other land-related public functions at the national level; (ii) improved access to land and property information; (iii) e-services development (G2G, G2B, G2C)<sup>15</sup> within the Palestinian interoperability framework<sup>16</sup>; (iv) advanced analytics and reporting; and (v) interoperability between information systems and applications involved in the registration process within or outside of the PLA.

The project will also seek opportunities to scale up project activities through the engagement of other donors and by leveraging and pooling of resources, including potential additional grants, for the development of the integrated property registration and cadaster system. The PA would also have the option of launching the bid for the new property registration system as a traditional service contract to be financed by the PA or other development partners (DPs), or as a PPP arrangement where service providers could be paid based on a small payment per transaction (to be determined as part of the bidding process).

**Climate Change Adaptation.** Document digitization and the future rollout of e-services would help reduce

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<sup>14</sup> The PLA have been working to digitize some of its paper maps. The sub-component will support the completion of the remaining documents that are not digitized under the current activities.

<sup>15</sup> Government-to-Government, Government-to-Business, Government-to-Citizens.

<sup>16</sup> The Palestinian interoperability framework can be viewed through the following link: <http://zinnar.pna.ps>.



the use of paper, which in turn would support afforestation, reforestation and biosphere conservation efforts in the West Bank and the countries from where it imports paper. The development of a cadaster will help to digitally map property ownership in the areas that are affected by climate events.

- b. **2.2: Palestinian Geodetic Reference Framework (PAL-GRF, PID MDTF – US\$0.2 million).** This sub-component will finance the development of a national Palestinian Geodetic Reference Framework (PAL-GRF)<sup>17</sup> linked to the International Terrestrial Reference Frame (ITRF), providing the foundation for all surveying, mapping, and location-based applications in the West Bank, including the provision of technical assistance to undertake the PAL-GRF calculations based on data provided by existing permanent GPS stations operated by the private sector.

PAL-GRF will also help to generate the land-related geospatial data and information that is needed for incorporating climate change adaptation in land-use planning, as requested in the National Climate Change Adaptation Strategy.<sup>18</sup> The information it will produce will contribute to the future development of datasets for the West Bank related to elevation, flood levels, and topography. These would improve disaster risk management and help expedite post-disaster recovery in the event of natural disasters or extreme weather.

- c. **2.3: Property Valuation (TFGWB – US\$1.0 million).** This sub-component will support the development of methodologies, piloting of mass property valuation in selected municipalities, and development of proposals for the adoption of valuation standards and the regulation of the valuation profession.

The objective of this subcomponent is to develop mass valuation models appropriate to the underlying property market in the West Bank, initially covering the main urban areas. The activities of this sub-component will increase market transparency, reduce banking sector/mortgage risk as well as improve the infrastructure for a recurrent property tax.

Automated valuation modelling solutions will be used for valuing land, apartments, single family dwellings, offices and retail properties. Statistical analysis tools will be applied to review and test the accuracy of the models. During the pilots, which will focus on high value residential and commercial properties, methodologies and standards will be reviewed and finalized as appropriate; they will form the basis for subsequent large-scale application and for accurate assessment of the costs and benefits of rolling this out across the West Bank. As such, the results of the pilots will inform the decision-makers on the future direction of property valuation policies, and form the basis for the development of valuation capacity, including the formation of a professional Association of Valuers, the adoption of international valuation standards, the creation of appropriate methods of education and training for valuers, and the development of a valuation module within the planned new property registration and cadaster system.

- 27. **Component 3: Project Management and Outreach (TFGWB – US\$0.8 million).** Component 3 will support: (a) the provision of support for the development and implementation of project management functions in the PLA and LWSC, including monitoring and evaluation activities, project audit, the SIA, mid-term and final project evaluations, and any additional staff needs for project management; and (b) provision of support for the carrying out of (i) customer surveys conducted biannually to monitor customer satisfaction and provide a venue for citizen

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<sup>17</sup> Under the ASA support activities, the World Bank engaged a lead geodetic expert to assess the PA's capacity for geodetic referencing, and what would be needed to establish a Geodetic Reference Network.

<sup>18</sup> UNDP (2010). Climate Change Adaptation Strategy and Programme of Action for the Palestinian Authority.



- engagement, and (ii) the development and implementation of a public awareness campaign to increase citizen participation, with a focus on women and marginal groups, in line with the gender action plan.
28. **IPF with DLIs.** The project will utilize DLIs to finance selected outputs under Component 1. The use of results-based financing is suitable for use with systematic land registration activities, such as those supported by the project. The use of DLIs will provide additional oversight over expenditures under the project, and an incentive to complete the SLR process with final registration at the PLA (which was a challenge under LAP II).
- DLI 1: Properties in target areas with ownership rights registered at the PLA (US\$7.0 million).** There is a direct correlation between the cost of achieving the DLI (operating cost of the LWSC) and what the DLI will be disbursing against (properties registered). As the PA has a weak track-record with SLR activities under LAP II, this DLI will ensure LWSC management to focus on achieving results. Additionally, by directly supporting and financially supplementing ongoing operations, the DLI will bolster SLR activities in in Areas A and B.
  - DLI 2: Gender Action Plan prepared, endorsed, and implemented (US\$0.3 million).** This DLI would strengthen institutional systems and processes aimed at ensuring the property rights of women and vulnerable groups in the West Bank.
29. **Gender Gap Mitigation.** The project activities, particularly those under Component 1, are intended to address the identified gender gaps. The development and endorsement of a GAP within the first 6 months of the project will also help the agencies to identify other gender challenges that exist, and ways to address them. Once the GAP's recommended mitigation activities are defined, the project will support the PLA and LWSC in implementing recommended actions to improve outreach to women in the registration process. The GAP will also seek to ensure that women who are members of vulnerable groups in the project areas are informed of their rights to property ownership, particularly regarding inheritance. Targeted training financed under the project will: (i) include training to apply a gender lens to property rights and the SLR process; (ii) actively promote technical knowledge capacity building programs for female staff; and (iii) disaggregate the number of training participants by gender. Additionally, the PMIS will help to produce gender disaggregated data and, in turn, hard statistics on rates of female property ownership. This data will inform the GAP analysis and will continuously help the PLA and LWSC to make informed decisions to improve women's access to land and property. In particular, the gender disaggregated spatial statistics will allow the agencies to tailor public outreach activities during the SLR process towards more gender-inclusive messages in communities where women's property ownership rates are lower than others. In addition to four gender targeted DLI outputs (GAP and recommended actions), the project includes a PDO indicator that will measure the percentage of property titles registered to women under the project.
30. **Climate Co-Benefits.** As noted in the component descriptions above, many of RERP's activities are linked to climate change adaptation. Increased tenure security allows owners and occupants to feel secure enough to leave their land and property in the event of severe climatic events with increased assurance that they could return to the same land or property and receive adequate compensation in case of permanent damages to property. Secure property rights and clear ownership titles would also increase incentives for owners to invest in climate-smart agriculture techniques, high-quality building materials, and proper connections to water and electricity networks that are essential for climate change resilience. The issuance of property titles will also help to mitigate artificial land shortages in the West Bank that have contributed to dramatic spikes in land values. According to the 2016 National Adaptation Plan to Climate Change (NAP), increased land values have led to many instances of agricultural areas being converted to residential areas that emit higher levels of greenhouse gases.<sup>19</sup>

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<sup>19</sup> Environment Quality Authority (2016). National Adaptation Plan to Climate Change.

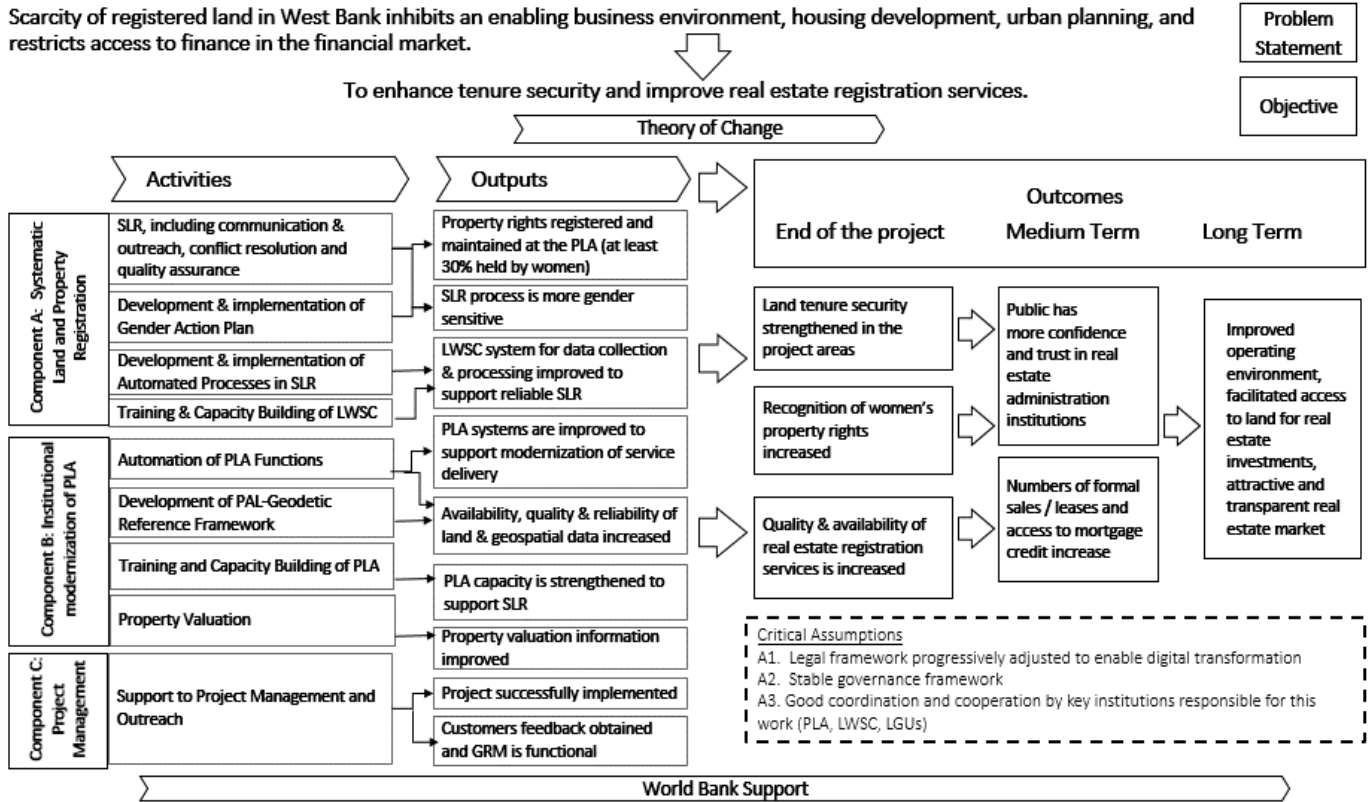


### **C. Project Beneficiaries**

31. The primary beneficiaries of the project will be Palestinians who reside within the West Bank, as well as overseas Palestinian nationals and foreign investors who own, lease, mortgage and use land and property under the protection of legal registration of rights. Special attention will be paid to women and vulnerable members of society to ensure that the benefits are equally distributed, and their rights are safeguarded. Investors will benefit from secure access to real estate, improved access to credit, and improved land administration services. Additional beneficiaries will include land market professionals (surveyors, lawyers, valuers) and organizations associated with mortgaging (commercial banks), who would benefit from more accurate and accessible real estate data and the ability to provide improved, more informed services to the public. Government institutions and agencies, including the PLA, the LWSC, MoFP, and LGUs, should benefit from increased revenues from land and real estate taxes and fees (e.g., property tax, transfer tax, and transaction fees). The improved land data information, including geospatial data, will also improve the PA's ability to provide services, and the private sector in providing additional services using land information. Investment in geodetic infrastructure and property registration will benefit the government authorities responsible for disaster management planning and response. Activities such as the development of a methodology and approach to accelerate on-demand registration for businesses will also help to continue private-sector stakeholder engagement.
32. **Citizen Engagement.** RERP's citizen engagement activities will seek to promote active stakeholder and citizen participation to help complete the SLR process. The project will continue socially inclusive citizen engagement tools, including: LGU communication platforms, public displays, community meetings, conflict resolution, and an active grievance redress mechanism (GRM). The project will include a project specific GRM system and will support the development of public awareness campaigns to further inform people and communities in the project areas of the SLR process and of the options available to them to voice their concerns. The project will also finance customer surveys to monitor customer satisfaction with registration services and with the public outreach of the process, which will provide a venue for citizen engagement.



## D. Results Chain



## E. Rationale for Bank Involvement and Role of Partners

33. **Value Added of WB Support.** The WB is uniquely placed to support the PA in executing the project due to its global experience, financial resources, and technical expertise. The WB has over thirty years of experience in supporting land administration and real estate registration systems and processes around the world, and can therefore provide global best practices and knowledge to support project design and implementation. The WB has accumulated extensive experience in land administration globally and in the MENA region, including from the previous WB&G LAP I and LAP II projects and an ongoing project in Lebanon. Past experience from WB engagements in over 40 countries will contribute greatly to M&E aspects of the project, particularly the PMIS. The WB also has an ongoing ASA in the country to support institutional reform of the sector, which will complement the intervention for the two land agencies. The analytical output of the ASA informed the preparation of the project and will continue with parallel support to sector reform. The WB also has had a long-standing engagement in the local government sector in the WB&G, with effective technical and coordination support across both central and local governments. These experiences, combined with the Road Map adopted by the PA based on lessons learned from LAP II, provide an excellent opportunity for the WB to reengage in the West Bank land sector through this project.

34. The project will receive special financing in the amount of US\$5 million from the WB's Trust Fund for Gaza and West Bank (TFGWB). TFGWB was established immediately after the Oslo Accords to enable the WB's assistance to the WB&G. The TF provides support for the WB&G development policy and investment operations in the areas of private



sector development, water, energy, local development, social protection, education and solid waste management.

35. The project will also receive US\$3.0 million in co-financing from the Palestinian Partnership for Infrastructure Development Multi-Donor Trust Fund (PID MDTF). PID MDTF receives contributions from nine donors to improve the coverage, quality, and sustainability of infrastructure in the WB&G.<sup>20</sup> PID MDTF currently co-finances the ongoing bank-executed *Support to the Palestinian Land Sector ASA*, which was replenished and extended to provide TA support to land sector reform in alignment with the project.
36. GPRBA will also provide co-financing for the project. US\$4.6 million will co-finance Component 1 of the project, specifically: (i) systematic land registration; and (ii) gender-focused activities. The funding will build upon a successful solid waste management project in the Palestinian territories that was supported by GPRBA in collaboration with IFC, which applied results-based financing modalities in a PPP scheme for the Hebron and Bethlehem Governorates.
37. In addition to the WB engagement, the land sector receives parallel support from other DPs. During the ongoing ASA and throughout the preparation of the project, the WB has coordinated closely with the DPs and involved stakeholders to align with parallel support and avoid duplication of activities. The Government of Netherlands through VNG International is supporting Property Taxation Reform under the PA's Road Map reform program. A pilot project was launched to support the devolution of property tax collection through the provision of technical capacity development to selected pilot municipalities. The German Corporation for International Cooperation (GIZ) has supported PLA with training, equipment, and temporary staff to digitize spatial parcel data for the Ramallah-Al Bireh Governorate. GIZ plans to continue support to the PLA in the upcoming LG sector support program, being launched in 2019.

## F. Lessons Learned and Reflected in the Project Design

38. The project design incorporates lessons learned from the WB's previous real estate registration and land administration engagements in the WB&G, particularly LAP II.
39. **Political Commitment.** Political commitment helps to ensure the successful implementation of project activities and long-term sustainability of project outcomes after a WB engagement closes. The lack of strong government ownership during LAP II was one of the main reasons why the project was cancelled. The PA's subsequent launch of the Road Map is a direct response to LAP II's cancellation, and also indicates the PA's renewed emphasis on completing SLR in the Palestinian territories. To maintain political commitment, RERP activities directly support the PA's priorities, as described in the Road Map, for the development of a fully functional land administration system.
40. **Stakeholder Engagement.** Stakeholders must be involved for the SLR process to be reliable, transparent and efficient. Involving LGUs and other entities, such as private surveyors, is crucial to mitigating operational bottlenecks and speeding up SLR. Stakeholder engagement also ensures public awareness of SLR and its benefits, gains political buy-in and ensures enduring commitment to SLR completion. The LWSC-LGU partnerships, for example, are beneficial not only because they promote political buy-in, but also because LGUs have the advantage of working closely with citizens to resolve disputes and explain why SLR is beneficial to the community. RERP's citizen engagement activities will seek to promote active stakeholder and citizen participation to help complete the SLR process. Activities such as the development of a methodology and approach to accelerate on-demand registration for businesses will also help

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<sup>20</sup> PID MDTF Donors include: The Governments of Croatia, Denmark, Finland, France, Netherlands, Norway, Portugal, and Sweden, and the United Kingdom's Department for International Development (DFID).



to continue private-sector stakeholder engagement.

41. **Disbursement-Linked Indicators.** Extensive delays in the SLR process also contributed to LAP II's cancellation. One of the reasons for low rates of SLR was the lack of incentives for staff to complete the survey and registration processes. To incentivize the PA to speed up the SLR process under RERP, and to avoid a repeat of the outcomes of LAP II, DLIs will be used to reimburse the LWSC's expenses based on targets achieved during the SLR process. The use of milestones against which the DLIs will disburse will also support the timely and scheduled implementation of project activities.
42. **Linkages between WB Activities.** The LAP II ICR emphasized the importance of ensuring that future projects be informed by analyses to identify risks to development objectives and inform target setting. Analyses under the Support to the Palestinian Land Sector ASA on topics including the ongoing challenges to completing the SLR process and the socio-economic impacts of land and real estate registration, as well as institutional analyses of the PLA and LWSC, have been used to design and determine the activities and outputs to be produced during RERP. The WB is utilizing a coordinated array of financing tools to support reform of the sector, including Investment Project Financing (IPF) and Development Policy Grants (DPGs). Through the ASA, technical input was provided to the PA on key institutional reforms for the PLA, which was in turn included as a prior action of the recently approved West Bank and Gaza Strengthening Fiscal Resilience and Business Environment Development Policy Grant (P164427). The achievement of the prior action was also linked to the launch of project preparation. Collaboration between ongoing WB engagements in the West Bank land sector has been vital to spurring sector reform and laying the foundation for the achievement of the RERP's development objectives.

### III. IMPLEMENTATION ARRANGEMENTS

#### A. Institutional and Implementation Arrangements

43. The recipient of the grant is the Palestinian Liberation Organization (PLO) for the benefit of the PA, as with nearly all cases of assistance provided under the TFGWB. The PLO will make the proceeds of the grant available to the PA through a Subsidiary Agreement. On-Granting Agreements between the PA and the PLA and LWSC will further make the proceeds of the grant available to them as the implementing agencies. The PLA and LWSC will implement the project in accordance with the legal agreements and the project's operations manual. The MoFP will open the Designated Accounts (DAs) on behalf of PLA and LWSC, at the Bank of Palestine. Advances made to the DA would not be commingled with other resources of the PA. The PLA and LWSC are responsible for managing the accounts, and the MoFP is responsible for requesting replenishments from the WB.
44. Overall implementation and management of the project will be carried out by the two land agencies – PLA and LWSC – which are jointly led by the Chairman of the PLA. Management functions will be embedded within the two land agencies and rely on the existing structure and government systems and procedures to the greatest possible extent. A Project Manager (PM) has been assigned within each agency. In close coordination with one another, the PMs will provide oversight for the technical activities to be delivered under the project components relating to their respective agencies. Reporting on project results for the components will be provided by the assigned PM at each agency. A PMIS will be established under the project at LWSC within the first year of the project to support the M&E of activities under Component 1. As the implementing agencies of the project, the PLA and LWSC will be responsible for technical supervision, management of procurement, finance, and safeguards, and reporting on the project. This will include: (i) project fund management; (ii) preparation of financial statements; (iii) organization of project audits; (iv) signing



and issuance of all procurement notices, advertisements, and all contracts with suppliers and consultants; (v) environment and social safeguard management; (vi) preparation of, and updates to, the POM; and (vii) compilation of results reports and submission to the WB. The head of each agency, regardless of whether it remains jointly led by the Chairman of the PLA, will be responsible for ensuring that the project implementation activities listed above are completed in a timely manner.

45. Through Component 3, the project will support the two land agencies with overall project management. Overall day-to-day coordination, monitoring of the workplan and procurement plan, M&E, and reporting within and across the agencies will be facilitated by a Project Coordinator funded by the project, who will report to the two PMs. The project will also hire procurement and social safeguard specialists (including to advise on public communications) to provide the technical skills that are currently weak or lacking at the two agencies. In addition to supporting project implementation, the specialists will train existing LWSC and PLA staff in these functions to support them to fulfill the roles themselves for the last two years of the project. The project may finance additional technical staff as needed for added implementation support. The extent of facilitation support needed will be assessed and determined jointly by the PLA and LWSC.
46. The success of the project will depend on inter-institutional cooperation between the PLA and LWSC. While there is a risk in having two implementing agencies for the project, this approach mirrors the PA's existing operational structure for the land sector. The agencies have clear and distinct mandates and responsibilities, which the project is utilizing in its design to avoid overlaps and confusion regarding implementation of respective activities. This approach has proven to be successful for conducting land registration, thus the project will rely on it.
47. Pending the final approval by the President of the legal amendment establishing the Board of Directors for the PLA/LWSC, a Steering Committee (with a composition similar to the extent possible to the future Board of Directors) will be established to work with the project until the law is approved. The Steering Committee will: (i) review annual work plans and budget; (ii) review progress, achievements and discuss any pending issues that need to be resolved at higher levels; and (iii) provide overall policy guidance. The Steering Committee will meet at least twice a year and hold extraordinary meetings when necessary.

## **B. Results Monitoring and Evaluation Arrangements**

48. The LWSC and PLA will prepare and submit to the WB a joint quarterly monitoring table and a joint progress report, including the Annual Work Plan target and results achieved, Budget, Financial Management Plan, and overall Procurement Plan. The format of the report will form part of the POM. The POM will include all periodic reporting and M&E arrangements throughout the project cycle. Project monitoring will utilize a PMIS at the LWSC, a regular output monitoring and an evaluation system to be established in the first few months of project implementation, to measure project performance. This system will support monitoring of the PDO and intermediate indicators. Customer surveys to be conducted at project start, at mid-term and close of the project will monitor customer satisfaction and provide a venue for citizen engagement and an important feedback loop on progress for the project and PA. The survey results will influence further capacity building efforts at the PLA and LWSC, and relevant customer suggestions or complaints will inform further improvements of registration services. Where there are yes/no indicators, interim checkpoints will be set to monitor progress towards the achievement of the respective indicator.
49. A project grievance redress mechanism (GRM) will be set up at the PLA and LWSC to monitor feedback (including appeals) received from beneficiaries, including citizens, specialized users (e.g. surveyors, notaries) and government agencies and LGUs. The GRM is supported by an information campaign and training for responsible PLA/LWSC staff.



The PLA/LWSC will respond to all feedback and the information gathered will also be used to improve services provided and to mitigate any negative social impacts on individuals. The GRM will increase transparency and accountability and aims to reduce the risk of the project's possible unintended adverse effects on citizens. It will serve as an important feedback and learning mechanism for improving project impact (details below under Grievance Redress Mechanism).

### **C. Sustainability**

50. Sustainability of project results will be ensured through the enhanced and continued commitment to project implementation by the PA, as well as institutional capacity building, coupled with customer focus and improvement in service delivery, including the ability of the PLA and LWSC to provide real estate information to the government and private sector in accordance with the national laws. It is believed that the sustainability of the PLA and LWSC depends on establishing a clearer link between services and resources that the agencies provide and use. The project will help the PLA and LWSC to promote institutional transformation through the development of improved workflows, automated systems, and capacity building.

## **IV. PROJECT APPRAISAL SUMMARY**

### **A. Technical, Economic and Financial Analysis (if applicable)**

51. **Technical.** There is a good basic level of technical capacity and preparedness at the PA and land agencies to implement the project. The LWSC and PLA have the mandates for all key functions necessary to implement the project. The proposed design builds on the existing, effective SLR system, while also recognizing the shortcomings and the need to streamline processes and introduce a modern digital land administration system. In 2016 the PA successfully reformulated the SLR process, incorporating recommendations from the WB. The LWSC was established, and it adopted a collaborative, decentralized approach for SLR based on methodologies for settlement processes developed under LAP I and LAP II. LWSC partners with LGUs to complete settlement surveys via an MOU that defines their respective responsibilities. The LGUs contract private survey firms competitively to conduct settlement surveys of the designated area, with oversight from the LWSC. The land survey data is then verified by the LWSC and is utilized to complete the registration process. Once the settlement process is complete, the LWSC sends the Table of Rights and corresponding data to PLA for issuance of titles. Geographic Information Systems (GIS) are being used to improve the spatial records produced during systematic registration, which is a key new feature in the settlement process introduced by LWSC. GIS is currently used for initial planning, quality control, and to record final approved settlements. Where applicable, the LWSC has also utilized orthophoto maps to chart boundaries. The project will support the ongoing SLR process and finance the registration of properties completed by the LWSC in those LGUs (in Areas A and B) where MOUs have been concluded.
52. Current SLR processes have been significantly more successful in achieving results than previous initiatives, despite some organizational setbacks. Since inception until the end of 2018, the LWSC completed settlement of over 192,517 dunums, which has surpassed all previous registrations completed under the PA. There has been a rapid increase in areas declared for settlement surveys and increasing demand from local governments for settlement. However, there are challenges and bottlenecks in the process, including limited staff and lack of sufficiently trained people in the settlement teams, the needed meticulous quality assurance and oversight of private survey work, and cumbersome, time-consuming, extra processes within the LWSC. Moreover, there is no modern, consistent, homogeneous geodetic network in the Palestinian territories based on Continuously Operating Reference Stations (CORS), which could



significantly decrease measurement time and cost.

- 53. The PLA has been undergoing extensive restructuring and has established a new management team. Both the PA and the PLA have demonstrated the commitment and the drive to move forward with the project, and their internal capacity to implement projects. Since the cancellation of LAP II, the PLA has successfully implemented a smaller digital archiving project with support from GIZ, which it is now continuing from its own limited financing. Despite low fiscal capacity, the agency has effective technical staff, which the project can support, train, and engage in designing the automation of the PLA under Component 2 of the project. The project will foster the nascent efforts at digitization and automation, utilize the staff of the two agencies, training them on skills they are weak in and streamlining processes to increase efficiency. The use of DLIs under Component 1 will ensure continued motivation to produce the agreed outputs and to adopt recommended streamlined processes to hasten achievement of the assigned targets.
- 54. **Economic and Financial Analysis.** The Economic Analysis aims to establish a rationale for the investment if it provides sufficient returns/benefits to account for, and justify, its costs and the opportunity cost of capital from society's perspective. One of the biggest challenges to the economic growth and development of the Palestinian territories is access to real estate. Several economic and financial disincentives stand in the way of land registration. In areas where land was systematically registered, owners often failed to collect ownership titles to avoid unaffordable, first-time registration fees. In addition to the aforementioned challenges, registration services for investors and locals alike remain poor. Registration services are affected by, among other things: (i) a lack of dedicated kiosks for citizens and businesses; (ii) shortage of front office staff at the PLA; (iii) data accuracy and quality; and (iv) lack of interoperability between government databases, which forces citizens and businesses to go to many different government agencies in search for their documents.
- 55. The WB continues to recommend the acceleration of land registration in Areas A and B for the development of the business environment to spur economic growth. The project aims to improve the availability of registered properties and real estate registration services by supporting systematic registration and institutional modernization of the PLA, including the launch of e-services and interoperability between PLA systems and other government agencies. Systematic registration is expected to benefit the people of the West Bank in many ways. First, the cost of registration will be paid by the project, which immediately removes the financial burden from the citizen. Since Bank-financed projects are able to procure systematic registration at scale, the average cost is much lower than if each citizen were to register the property themselves. Therefore, there is a net financial benefit to the citizen. Second, registered properties are beneficial to owners in several ways, including giving greater security of tenure, access to finance, and incentives to invest further. An immediate benefit is the increase in the value of properties for which titles are registered and/or clarified.
- 56. The economic analysis quantifies two benefits: the monetary value of registration that citizens do not have to pay and the immediate expected increase in the value of properties registered as a result of the project. Based on these expected benefits and an assumed discount rate of 10.0 percent, the Project's net present value (NPV), economic rate of return (ERR), and benefit-cost ratio are shown below.

<b>NPV</b>	<b>USD M</b>	<b>1.23</b>
<b>ERR</b>	<b>%</b>	<b>53.8%</b>
<b>Benefit-Cost Ratio</b>	<b>x</b>	<b>1.2x</b>
<b>Discount Rate</b>	<b>%</b>	<b>10.0%</b>



57. Since the NPV estimate of US\$1.23 million is greater than zero and the ERR estimate of 53.8 percent exceeds the discount rate of 10.0 percent, the project represents a sound investment. Given the economic benefits of the project, there is a strong case for World Bank funding so that these critical activities may be expedited and feed into the growth of the real estate market, and the overall economic growth and development of the West Bank. Details of the economic analysis are available in the Project files.
58. **Rationale for public sector financing.** Land administration is an essential public service that underpins economic growth and poverty reduction.<sup>21</sup> A 2014 study<sup>22</sup> on completed land registration projects concluded that public sector investment in land registration systems is highly beneficial to the economic development of a country, with a high rate of return on public investment. The cost of first-time land registration, which requires one-time up-front procedures, far exceeds the capacity of poor households to pay. The low levels of land registration in the West Bank indicate that relying on private financing is insufficient to incentivize property registration across the entire Palestinian territories. Further, on-demand land registration risks leading to elite capture, as the more wealthy and powerful are better able to take advantage of this process than the poor and the vulnerable. Formalization of property rights supported by the project will also contribute to the WB's MFD agenda by helping to boost the West Bank real estate and related sectors, such as mortgage lending, construction, and housing.

## B. Fiduciary

59. **Financial Management.** The country-level fiduciary risk in the PA system is rated as High before mitigation. This is mainly due to deterioration in the financial reporting of the PA and delays in the issuance of public sector financial statements, as well as the risk of fraud and corruption. The project-level risk, as well as the entity level risk, are assessed as Substantial and there will be measures in place to reduce the risk. The risks for the project will be mitigated through strong management information systems, experienced FM staff that have worked on WB projects in the past, close supervision by the team, as well as regular financial audits. The FM staff of the PLA and LWSC will be the main counterparts responsible for financial management arrangements. The team at the PLA has experience with WB policies and procedures and have implemented financial management procedures for previous WB projects. The financial management risk rating for the project is assessed at **Substantial**.
60. Four US Dollar DA accounts will be opened for the project by the MoFP. Two will be managed by the PLA and two by LWSC. Each implementing agency will be responsible for managing its own finances. Withdrawal applications will be submitted to the WB by both implementing agencies with the supporting documentation. This will include IVA reports for disbursement-linked results, as necessary.
61. Interim Financial Reports (IFRs) should be submitted to the WB semi-annually within 45 days after the end of the period. IFRs should be consolidated for all components by the FM staff at the PLA as the more experienced counterpart. The Grant Agreement will require the submission of annual audited financial statements within six months after year-end, which will also include all components consolidated by the PLA. Project financial statements will be audited in accordance with international audit standards by an independent, experienced and internationally recognized audit firm acceptable to the WB, recruited on a competitive basis based on TORs acceptable to the WB. The cost of the audit will be financed from the Grant proceeds. The audited annual project financial statements will

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<sup>21</sup> Deininger, K. 2003. *Land Policies for Growth and Poverty Reduction*. Washington, DC: The World Bank.

<sup>22</sup> Economic Impact of 20+ Years of ECA Land Registration Projects; Satana, Adlington, Torhonen, Anand; World Bank Land and Poverty Conference 2014.



be publicly disclosed according to the WB disclosure policy. Financial management and disbursement arrangements are detailed in Annex 1.

62. **Procurement.** Procurement for the project will be carried out in accordance with the “World Bank Procurement Regulations for Borrowers under Investment Project Financing” dated July 2016, revised November 2017, and again in August 2018. “The Guidelines on Preventing and Combatting Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, revised in January 2011, and as of July 1, 2016, shall apply to the Project. The PA Public Procurement Law No. 8 of year 2014 came into effect on July 1, 2016. Specific components of the national procurement system (e.g., national standard bidding documents, single procurement portal, and complaint handling mechanism), which would be acceptable for use in the project as per Bank procurement regulations, have been agreed.
63. PLA and LWSC will be responsible for procurement, and will act as the WB’s counterparts for all procurement aspects of their respective project components. LWSC will carry out procurement for Component 1, while the PLA will carry out procurement and contract management for Component 2, in accordance with the approved procurement plans of the two implementing agencies. A procurement risk and capacity assessment of LWSC and PLA was initiated to identify potential risks and proposed appropriate mitigation measures during project preparation. The assessment found that the procurement capacity of the PLA and LWSC requires strengthening in terms of staffing and training. The envisaged procurement activities are rather complex and would require specialized skills, especially those involving the procurement of information and communication technology (ICT), which is required for automation and digitization of real estate services. To ensure effective implementation of the envisaged procurement activities, the PLA and LWSC project teams will be strengthened by a qualified full-time procurement staff to support procurement in both entities. The procedures for processing various types of procurement will be documented in the POM and procurement training will be provided to PLA and LWSC immediately after grant effectiveness. For ICT/MIS procurement, additional technical support by specialized expert(s) will be made available to LWSC/PLA for the definition of requirements, preparation of bidding documents, evaluation, and supervision of contract execution.
64. The project will finance goods, ICT, non-consulting services and consulting services. In line with the WB Procurement Regulations, LWSC and PLA have prepared, by appraisal, a Project Procurement Strategy for Development (PPSD), which aims to determine the most appropriate procurement arrangements for the project, based on a market analysis. The PPCSD concluded with a Procurement Plan for the first 18 months of the project. During implementation, the Procurement Plan will be updated with the WB’s approval, at least annually and as required, to reflect project implementation needs. LWSC and PLA shall use the WB’s Systematic Tracking of Exchanges in Procurement (STEP) system to prepare, clear, and update their procurement plans and to document procurement transactions.
65. Procurement risk is rated **Substantial**. Detailed procurement arrangements are described in Annex 1.

### C. Safeguards

66. **Environmental Safeguards.** The operation will involve only soft activities for land registration. No construction or rehabilitation of infrastructure is envisaged and the project activities are not expected to cause any significant, direct or indirect environmental impacts. The environmental risk rating for the operation is Low; however, the operation is assigned environmental category “B” and OP/BP 4.01 has been triggered, due to the expected social impacts of the operation. As such, the Terms of Reference (TORs) for a Social Impact Assessment (SIA) were prepared and disclosed (see section below). No other environmental safeguards policies are triggered by project activities, which are not



expected to cause changes to land use or have any impact on the status of protected areas, natural habitats, or forests. A robust GRM system under the project will capture and resolve any complaints related to the operation, including on environmental and social grounds, if any arise. A safeguards focal point in the PIU will be assigned by the client, who will monitor and report to the WB on social and environmental aspects.

67. **Social Safeguards.** The project will only involve soft activities, including land registration, which are not expected to cause any significant, direct, or indirect environmental or social impacts. However, there are social risks involved that need to be addressed. Accordingly, a SIA, which will form the basis for the Social Management Plan (SMP), will be prepared within the first three months of the grant effectiveness. Its main purpose is to investigate social impacts/risks related to the project and provide mitigation measures to address them during project implementation.
68. The project will not support the titling of property in the name of the State that would result in evictions. The Project Operations Manual will include clear procedures for identifying occupants on state lands and for compensating non land assets of persons who may be evicted from project state lands, in the unlikely event that disputes arise in state lands. The project will support the PA to register properties in Areas A and B that do not require the acquisition by the State of land to establish rights of way/access. Some LGUs do land adjustments based on existing laws that may include either or both of the following situations: (i) parcel reshaping to make parcels more usable; and (ii) establishing right of way and access which may include acquisition of a portion of the parcel by the State. The DLIs of the project will only disburse for properties that do not include the acquisition by the State of land to establish rights of way/access. No titling involving acquisition of land in the name of the state and/or for public use will be financed by the project. However, there could be a reputational risk if with its own funding the PA uses the land acquisition approach on land in the vicinity of, or immediately adjacent to, parcels covered by the project. The main social risks related to land registration could include: (i) the exclusion of those without land title or documentation; (ii) possible disputes between land users and land owners; (iii) possible conflict between family members; and (iv) the risk of the exclusion of female members of households, and some of the most vulnerable groups. There could also be competing claims on land at the time of registration. The SIA will assess and mitigate these risks.
69. The LAP II social assessment concluded that the lack of in-depth analysis of stakeholders and their potential contributions to the project, limited public awareness campaigns, registration fees, and in some cases gender issues resulting from a tradition of male domination related to land issues, were the main social risks to the project. *The Socio-Economic Effects of Weak Land Registration and Administration System in the West Bank* study states that: (i) most land plots in the Palestinian territories have multiple owners and are rarely subdivided into single-owner or even single-family parcels; (ii) the large number of absentee owners is a challenge to systematic land registration efforts; and (iii) there is often strong pressure on women from families to waive their inheritance ownership rights of property, occasionally in return for some compensation. This study was done to inform the project and the SIA/SMP will be prepared to mitigate these social risks. As noted in Section II.B above, many of the gender-related risks will also be covered through the GAP under Component 1.
70. **Grievance Redress.** Both the PLA and LWSC have separate Grievance Redress systems. The system at LWSC is managed at different levels: Local Settlement Offices; General Administration of Settlement Department; Control and Complaints Unit; the Chairman's Office; and the Prime Minister's Complaints Electronic System. Based on the review of the system, the complaints have been dealt with efficiently at each level. The multi-level structure, however, can be confusing and inefficient. Another shortcoming of the system is the lack of proper documentation and reporting. In 2018, only 23 complaints were electronically recorded by the Complaints Unit of the Prime Minister's Cabinet Office.



71. The PLA also has a Complaints Unit that uses a government electronic complaints system, regulated by specific bylaws and procedures. The unit also has complaints boxes that are located at PLA offices in each governorate, which has shown to be an efficient means of receiving complaints. In 2018, the PLA received and resolved 22 complaints related to services provided; given the limited services offered by the PLA, the numbers are acceptable. The GRM systems of the two agencies will be improved under the project by centralizing the processes of receiving and handling complaints, assigning staff at the Local Settlement offices to handle the project-related complaints and the provision of training on improved complaint filing, classification and follow-up. The SMP will also include a detailed, project-specific GRM system with details on how processes for the complaints related to the project will be conducted using the existing PLA electronic system. The details of the GRM system will be disseminated to communities in the project areas during the preparation of the SIA/SMP.
72. **Grievance Redress Mechanism.** Communities and individuals who believe that they are adversely affected by a WB supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the WB's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the WB's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

## V. KEY RISKS

73. The overall risk rating is considered **Substantial** and is driven by the following risks<sup>23</sup>:
74. **Political and Governance: High.** Political and security risks are high, as the situation in the Palestinian territories remains fragile. If the security situation relapses, the economic decline may have a negative impact on the PA's performance and reform appetite and create a difficult operating environment which may hamper the achievement of the PDO. This is in big part outside the control of the project, and the project objectives and targets will be scaled back in case this risk materializes.
75. **Macroeconomic: High.** Economic growth weakened in 2018 due to a severe economic decline in Gaza and slowing growth rates in the West Bank. Private investment levels are also low and are mostly concentrated in low productivity activities where returns are less affected by political risk. The impacts of the current negative economic trend could result in the PA emphasizing crisis response and resorting to austerity measures, which would affect the financing of the PA's Road Map program and the LWSC, which could slow down SLR. The project will send a strong signal both to the PA and DPs that the WB places great importance on proceeding with SLR as a means of promoting long-term economic gains. Improved access to registered land and real estate that is supported by the operation would provide increased sources of income for the PA and encourage additional private investment, both of which would contribute to better economic outcomes.

<sup>23</sup> This section discusses the principal risk elements and the corresponding risk management measures of only those risk categories that are rated either Substantial or High (as per the Agile Template).



76. **Sector Strategies and Policies: Substantial.** The inconsistencies and fragmentation within the sector’s legal framework have contributed to low levels of registration in the West Bank. Policies and strategies for sector reform, however, have been developed through the Road Map and recent Cabinet decisions to support SLR have spurred the process forward. The design of the project will also streamline the SLR process, enhancing the ongoing progress towards completion of registration in the West Bank and strengthening the impact of the Road Map agenda, and in turn the PA position. In alignment with the project, the ongoing WB ASA will support the PA with analysis and technical expertise for the ongoing reform of the legal framework governing land, which will strengthen the land administration sector and the long-term impact and sustainability of completed registration.
77. **Institutional Capacity for Implementation and Sustainability: Substantial.** The capacity of the two implementing agencies to achieve a successful implementation of policy reforms and technical activities is limited and does not depend exclusively on their technical knowledge (e.g., IT expertise and availability of settlement judges) and availability of funds. The newly established agency, LWSC, is affected by financial constraints and high operating costs, which slow the pace of registration. The PLA is operating with outdated, paper-based systems, which restrict their capacity to process new titles. During project preparation the WB helped to analyze current business processes, identify critical issues, and address them in the design of the project components. The project will address these issues with capacity development, training, automation of SLR processes, and PMIS, which should mitigate these risks.
78. **Fiduciary: Substantial.** The country-level fiduciary risk is substantial due to both the weak financial management capacity of the PA, specifically in accounting and reporting, and delays in implementing procurement reforms, which is nonetheless better than the regional average. Parts of the PA financial management system work well, including budgeting, flow of funds, internal controls, and audits. To mitigate the fiduciary risks, additional procurement specialists for both the PLA and the LWSC will be recruited and/or designated for the project and the WB will continue to work closely with both agencies to enhance their capacity to process procurement activities efficiently. The procedures for processing the various types of procurement will be documented in the POM.
79. **Environment and Social: Substantial.** Project activities are not expected to cause any significant, direct, or indirect environmental impacts. Settlement will affect some land users and encroachers and could negatively impact women and the most vulnerable groups, if proper mitigation measures are not taken. These social risks, as explained above, will be mitigated through an SIA and SMP that will be prepared under the project along with the GAP. The current grievance redress system and public outreach practices for both agencies will also be strengthened under the project.



**VI. RESULTS FRAMEWORK AND MONITORING**

**Results Framework**

**COUNTRY: West Bank and Gaza**

**Real Estate Registration Project**

**Project Development Objectives(s)**

The project development objective is to enhance tenure security and improve real estate registration services.

**Project Development Objective Indicators**

Indicator Name	DLI	Baseline	End Target
<b>Enhanced tenure security</b>			
Properties in target areas with final ownership rights registered (Number)	DLI 1	0.00	350,000.00
Properties in target areas with final ownership rights registered (female) (Percentage)		0.00	30.00
<b>Improved real estate registration services</b>			
Time to register property rights under the SLR process reduced (Months)		7.50	4.50
Satisfaction of beneficiaries with respect to real estate registration services improved (Percentage)		0.00	70.00
Satisfaction of women who are project beneficiaries with respect to real estate registration services is improved (Percentage)		0.00	70.00



**Intermediate Results Indicators by Components**

Indicator Name	DLI	Baseline	Intermediate Targets	End Target
			1	
<b>Systematic Land and Property Registration</b>				
Gender Action Plan prepared (Yes/No)	DLI 2	No		Yes
Gender Action Plan implemented (Percentage)		0.00	50.00	100.00
PMIS Implemented and Operational at the LWSC (Yes/No)		No		Yes
LWSC staff trained (Number)		0.00		800.00
LWSC staff trained (female) (Percentage)		0.00		40.00
Reports issued by PMIS (Number)		0.00		8.00
Grievances related to the project responded within standards stipulated in GRM procedures (Percentage)		0.00		90.00
<b>Institutional Modernization of the PLA</b>				
PLA offices whose paper records are digitized (Number)		0.00		10.00
Strategy for PLA digital transformation prepared and submitted to PA for endorsement (Yes/No)		No		Yes
Palestinian Geodetic Reference Framework developed (Yes/No)		No		Yes
PLA staff trained (Number)		0.00		200.00
PLA staff trained (female) (Percentage)		0.00		30.00
Automated system for recording and managing property rights information designed (Yes/No)		No		Yes



Indicator Name	DLI	Baseline	Intermediate Targets	End Target
			1	
Digital archive established at the PLA (Yes/No)		No		Yes

**Monitoring & Evaluation Plan: PDO Indicators**

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Properties in target areas with final ownership rights registered	Number of final registered properties as a result of systematic registration	Every 6 months	Project Management Information System	Project Management Information System	LWSC/PLA
Properties in target areas with final ownership rights registered (female)	Percentage of properties registered in the name of a woman or jointly as a result of systematic registration	Every 6 months	Project Management Information System	Project Management Information System	LWSC/PLA
Time to register property rights under the SLR process reduced	The indicator will monitor the reduction in the number of months required to register property rights under a systematic process as a result of project activities.	Every 6 months	Project Management Information System and PLA reports	Project Management Information System and PLA Reporting	LWSC/PLA
Satisfaction of beneficiaries with respect	This indicator will monitor	Biannual	Satisfaction	Satisfaction Survey	PLA/LWSC to hire an



to real estate registration services improved	the level of project beneficiary satisfaction with respect to real estate registration services as a result of project activities		Survey		independent survey firm under the project to conduct satisfaction surveys at project launch, project mid-term, and project completion
Satisfaction of women who are project beneficiaries with respect to real estate registration services is improved	This indicator will monitor the level of satisfaction of women who are project beneficiaries with respect to real estate services as a result of project activities.	Biannually	PLA progress reports	Customer Surveys	PLA/LWSC to hire an independent survey firm under the project to conduct satisfaction surveys at project launch, project mid-term, and project completion.

**Monitoring & Evaluation Plan: Intermediate Results Indicators**

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Gender Action Plan prepared	A Gender Action Plan (GAP) that seeks to improve women's access to property and promote their legal rights is prepared	Every 6 months	PLA/LWSC	PLA/LWSC and IVA confirm that Gender Action Plan is prepared	PLA/LWSC
Gender Action Plan implemented	Once they are defined as part of the Gender Action Plan (GAP), this indicator	Every 6 months	PLA/LWSC	Independent Verification Agent also verifies that the	PLA/LWSC



	will measure the percentage of gender-sensitive activities within their mandate implemented by LWSC and PLA during the life of the project			gender-sensitive activities have been implemented by PLA/LWSC	
PMIS Implemented and Operational at the LWSC	The Project Management Information System that will be used to track the data to measure the PDO and Intermediate Outcome Indicators is implemented and fully operational	Every 6 months	LWSC progress reports	LWSC Reporting	LWSC
LWSC staff trained	This indicator will track the number of LWSC staff (male/female) who participate in project-financed training activities	Every 6 months	LWSC progress reports	LWSC Reporting	LWSC
LWSC staff trained (female)	This indicator will track the percentage of LWSC staff (female) who participate in project-financed training activities. The end target for the number of staff training will be based on needs that will be identified during project implementation	Every 6 months	LWSC progress reports	LWSC Reporting	LWSC
Reports issued by PMIS	This indicator will track the number of reports issued by the PMIS every six months. The reports will include	Every 6 months	Project Management Information System	LWSC reporting	LWSC



	information, broken down by local government unit, governorate, and national government on the number and location of (i) properties surveyed; (ii) properties adjudicated; (iii) properties displayed; (iv) property titles registered; and (v) transaction applications				
Grievances related to the project responded within standards stipulated in GRM procedures	This indicator measures effectiveness of citizen feedback mechanisms established under the Project. It measures the percentage of cases (including complaints and inquiries) that are addressed as per the standards agreed upon in the GRM procedures.	Quarterly	Reports from GRM database	Analysis of reports from GRM database; field visits to offices in the selected areas	LWSC
PLA offices whose paper records are digitized	This indicator will track the number of PLA offices whose paper records (transactions applications, property titles) are digitized	Every 6 months	PLA progress reports	PLA Document Management System (DMS)	PLA
Strategy for PLA digital transformation prepared and submitted to PA for endorsement	The strategy for the PLA's digital transformation towards e-services is prepared and submitted to the PA for endorsement	Every 6 months	PLA progress reports	PLA confirms that the outputs are prepared and finalized	PLA



Palestinian Geodetic Reference Framework developed	The Palestine Geodetic Reference Framework is developed for the West Bank	Annual	PLA progress reports	PLA Reporting	PLA
PLA staff trained	This indicator will track the number of PLA staff (male/female) who participate in project-financed training activities	Every 6 months	PLA progress reports	PLA Reporting	PLA
PLA staff trained (female)	This indicator will track the percentage of PLA staff (female) who participate in project-financed training activities	Every 6 months	PLA progress reports	PLA Reporting	PLA
Automated system for recording and managing property rights information designed	A system for recording and managing property rights information at the PLA is designed that will be used to improve real estate services	Every 6 months	PLA progress reports	PLA Reporting	PLA
Digital archive established at the PLA	Digital archive is established at the PLA	Annual	PLA progress reports	PLA Reporting	PLA



**Disbursement Linked Indicators Matrix**

<b>Disbursement Linked Indicators Matrix</b>				
<b>DLI 1</b>	Number of properties in Areas A and B with ownership rights registered at the PLA			
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
Intermediate Outcome	No	Number	7,000,000.00	55.56
<b>Period</b>	<b>Value</b>		<b>Allocated Amount (USD)</b>	<b>Formula</b>
Baseline	0.00			
Achievement of Set Target - See Annex 2	350,000.00		7,000,000.00	
<b>DLI 2</b>	GAP prepared and actions identified in the GAP implemented (within the mandate of LWSC and PLA)			
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
Intermediate Outcome	No	Text	300,000.00	2.38
<b>Period</b>	<b>Value</b>		<b>Allocated Amount (USD)</b>	<b>Formula</b>
Baseline	GAP has not been prepared nor implemented			
Achievement of Set Target - See Annex 2	GAP prepared and implemented		300,000.00	



**Verification Protocol Table: Disbursement Linked Indicators**

<b>DLI 1</b>	Number of properties in Areas A and B with ownership rights registered at the PLA
<b>Description</b>	For each title registration completed, US\$20 shall be available for payment, with a minimum payment threshold of US\$600,000 for a minimum of 30,000 titles issued.
<b>Data source/ Agency</b>	LWSC/Project Management Information System
<b>Verification Entity</b>	Independent Verification Agent
<b>Procedure</b>	See Annex 2
<b>DLI 2</b>	GAP prepared and actions identified in the GAP implemented (within the mandate of LWSC and PLA)
<b>Description</b>	DLI 2.1 - US\$40,000 will be disbursed upon the completion of GAP. DLI 2.2 - US\$130,000 will be disbursed upon the implementation of first half of gender actions identified in the GAP. DLI 2.3 - US\$130,000 will be disbursed upon the implementation of second half of gender actions identified in the GAP.
<b>Data source/ Agency</b>	PLA/LWSC reports
<b>Verification Entity</b>	Independent Verification Agent
<b>Procedure</b>	See Annex 2



## **ANNEX 1: Implementation Arrangements and Support Plan**

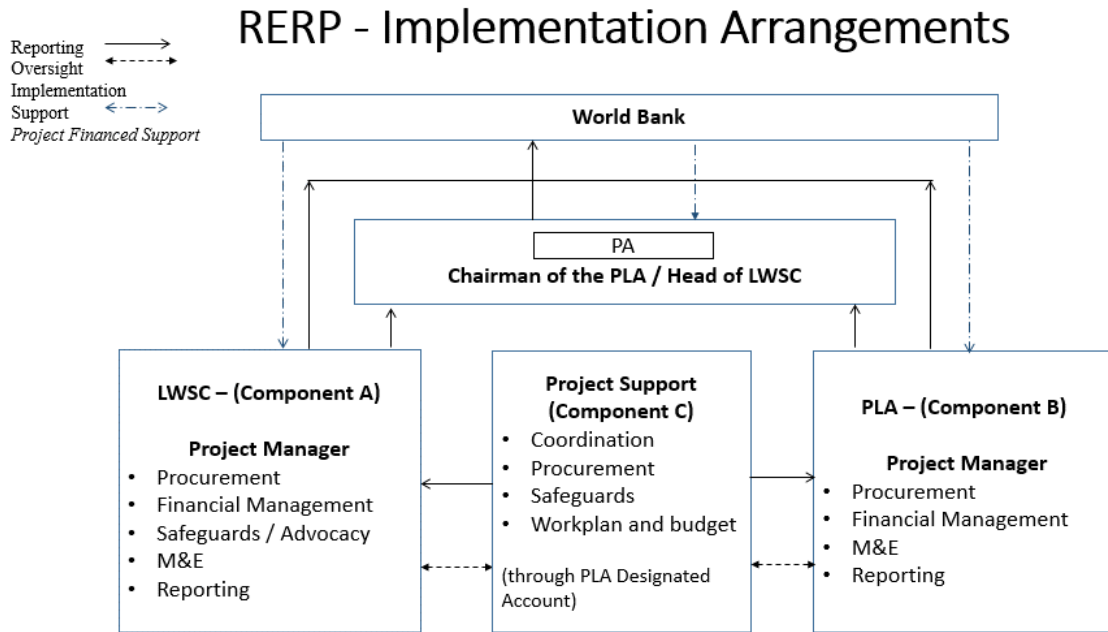
**COUNTRY: West Bank and Gaza**  
**Real Estate Registration Project**

### **Project Institutional and Implementation Arrangements**

1. Overall implementation and management of the project will be carried out by the two land agencies – PLA and LWSC – which are jointly led by the Chairman of the PLA. Project implementation and management functions will be embedded within the two land agencies and will rely on the existing government systems and procedures to the greatest extent possible. The project will not establish a parallel PIU; rather a PM has been assigned within each agency. In close coordination with one another, the PMs will provide oversight for the technical activities to be delivered under the project components relating to their respective agencies. Reporting on project results for the components will be provided by the assigned PM at each agency. A PMIS will be established under the project at the LWSC within the first year of the project to support the M&E of activities under Component 1. As the implementing agencies of the project, the PLA and LWSC will be responsible for technical supervision, management of procurement, finance, safeguards and reporting on the project. This will include: (i) project fund management; (ii) preparation of financial statements; (iii) organization of project audits; (iv) signing and issuance of all procurement notices, advertisements, and all contracts with suppliers and consultants; (v) environment and social safeguard management; (vi) preparation of, and updates to, the POM; and (vii) compilation of results reports and submission to the WB. The head of each agency, regardless of whether it remains jointly led by the Chairman of the PLA, will be responsible for ensuring that the project implementation activities listed above are completed in a timely manner.
2. Through Component 3, the project will support the two land agencies with overall project management. Overall day-to-day coordination, monitoring of the workplan and procurement plan, M&E, and reporting within and across the agencies will be facilitated by a Project Coordinator funded by the project, who will report to the two PMs. The project will also hire procurement and social safeguards specialists (the latter will also advise on public outreach communications) to provide the technical skills that are currently weak or lacking at the two agencies. In addition to supporting project implementation, these specialists will train the existing LWSC and PLA staff in these functions to support them to fulfill the roles themselves for the last two years of the project. The project may finance additional technical staff as needed for added implementation support. The extent of facilitation support needed will be assessed and determined jointly by the PLA and LWSC.
3. The success of the project will depend on interinstitutional cooperation between the PLA and LWSC. While there is a risk in having two implementing agencies for the project, this approach mirrors the PA's existing operational structure for the land sector. The agencies have clear and distinct mandates and responsibilities, which the project is utilizing in its design to avoid overlaps and confusion regarding implementation of respective activities. This approach has proven to be successful for conducting land registration, thus the project will rely on it.
4. Pending the final approval by the President of the legal amendment establishing the Board of Directors for the PLA/LWSC, a Steering Committee (with a composition similar to the extent possible to the future Board of Directors) will be established to work with the project until the law is approved. The Steering Committee will: (i) review annual work plans and budget; (ii) review progress, achievements and discuss any pending issues that need to be resolved



at higher levels; and (iii) provide overall policy guidance. The Steering Committee should meet at least twice a year and hold extraordinary meetings when necessary.



**PLA**

5. The PLA is the national agency responsible for property registration and transactions, such as transfers and mortgages, and state property management. It provides services in ten offices distributed throughout the country, operating in a semi-decentralized manner. The agency has historically been a weak institution with low capacity. Under LAP II, a Project Management Unit was established with outside consultants to implement the project, which proved to be ineffective. Under the Road Map program, steps are being taken to improve the operating capacity at the PLA. Senior management staff was recently reappointed within the agency as an efficiency improvement measure and work plans are being prepared by each department to improve internal productivity.
6. The PLA has registration and cadastre systems; however, these are not seamlessly integrated and only cover 90 percent of business processes. Due to legislative and regulatory constraints, the PLA must produce and store some of the records in paper form. The constitution of a comprehensive digital archive of information on real estate property is one of the current priorities of the agency. Registering a real estate property currently requires two visits to the agency. When a digital copy of the records exists, this operation can be completed in one day.
7. A non-exhaustive list of regulatory, policy and technical improvement measures to strengthen the capacity of the PLA to overcome the challenges related to the digital transformation that is to be defined as a part of the project include:
  - a. *Creation of a personal/professional identity for an individual or a company for property ownership within the Registration System.* The security of transactions and possibilities of search will be improved if additional



information, such as a photo, fingerprint or an identity card, can be linked to an owner of the property. Similar principles could be applied for creating an identity for the company within the Registration System being linked to the professional registration at the Register of companies;

- b. *Incorporation of the localization of the property into the registration system.* Currently the registration system does not connect directly to the cadastral information; therefore, some of the clients can be misled about the exact location of the property. An integration of the cadastral information in the registry and provision of the property location e-service represents a bankable product, which could generate additional income for the PLA;
- c. *Elaboration of an IT strategy and conduction of a security audit* with a vision to progressively prepare a shift to e-services; and
- d. *Creation of an enabling environment for progressive automation and full-scale digital transformation of operations.* These include the introduction of a digital signature for applications and titles, preparation and implementation of a strategy for paperless office, and recognition of and progressive shift to a digital registry.

#### LWSC

8. The LWSC was established in April 2016 and is responsible for the SLR process. The agency has successfully implemented a new approach that builds on the recommendations of the LAP II ICR. The agency partners closely with LGUs (municipalities and village councils), who sign MOUs with the LWSC to implement settlement surveys jointly. In February 2018, LWSC published the Manual for the Settlement Process.
9. The partnership approach has reduced the level of effort by LWSC in undertaking settlement surveys; however, LWSC has limited staff and this constrains its ability to sign further MOUs with LGUs. The success of the partnership arrangement with LGUs is evident in the rapid increase in the areas declared for settlement surveys. However, there are slowdowns in the process due to limited resources in the settlement teams, poor quality of private survey work, and delays in quality assurance by LWSC. The project activities seek to mitigate these limitations at the LWSC by providing options for automation, as well as targeted training and technical assistance as requested by the agency.

#### Financial Management

##### *Implementing entity*

10. Fiduciary activities, including procurement and financial management, will be handled by the project teams at the PLA and LWSC. They will manage the day-to-day financial management aspects of the project. The PLA will report to the WB after consolidating inputs from the LWSC. Both entities will ensure that financial management under the project is carried out in accordance with WB procedures to ensure that the funds are used for the intended purpose.

##### *Risk Analysis*

11. **Inherent Risks.** The fiduciary risk level in the PA country system is currently rated as High. This is due mainly to the deterioration in the financial reporting of the PA and delays in the issuance of the public sector financial statements.
12. **Project Risks.** The overall project risk from a financial management perspective is Substantial. The FM arrangements for the project are designed to ensure that funds are used for the purpose intended, and timely information is produced for project management and to comply with the Bank's fiduciary requirements. Below are the main risks and the corresponding mitigating measures (MM).



Risk Assessment and Mitigating Measures

Risk	Risk Before MM	Mitigating Measures (MM)	Risk After MM
<b>Inherent Risks</b>			
<b>Country level</b>			
Inherent risk in the country	H	<ul style="list-style-type: none"> <li>The project will be ring fenced through the institutional set up. There will be capacity building for the teams at LWSC and PLA, which will reduce the country risks.</li> <li>A private external auditor will be hired to perform the annual audit of the Project financial statements.</li> <li>The country risks are being addressed by a PFM project, which has shown progress in dealing with the delays in the government reporting.</li> </ul>	S
<b>Project level</b>			
There is a risk that the objectives will not be met, which will create ineligible expenditures and a risk of misappropriation	S	<ul style="list-style-type: none"> <li>Bank supervision of Statement of Expenditure (SOE) reviews.</li> <li>Ex post audit measures (annual audit) by the external auditor.</li> </ul>	M
<b>Inherent Risk Before MM</b>	<b>S</b>	<b>Inherent Risk after MM</b>	<b>S</b>
<b>Control Risks</b>			
<b>Project Level</b>			
The implementation of project activities and the tracking of DLIs, as well as the coordination between the two entities, will require high capacity.	S	<ul style="list-style-type: none"> <li>The PLA financial management unit has experience with Bank guidelines from previous projects and the experience with them was satisfactory.</li> <li>There will be specific capacity building activities for the teams.</li> <li>The teams have the required capacity to ensure that the fiduciary requirements are met.</li> </ul>	M
<b>Implementing Agency</b>			



Risk	Risk Before MM	Mitigating Measures (MM)	Risk After MM
Lack of experience at LWSC, as this is their first implementation of a World Bank project.  Financial Procedures Manual will have to be developed to meet the Project's FM requirements.	S	<ul style="list-style-type: none"> <li>▪ The PLA will be the main counterpart for FM.</li> <li>▪ Both entities have adequate accounting and reporting systems that can capture data for all project activities. The chart of accounts will be revisited to ensure applicability to the current project.</li> <li>▪ The accounting system is capable of opening a separate cost center to account for, and report on, the transactions of the Project.</li> <li>▪ The teams will develop an FM manual to ensure that proper procedures are in place.</li> </ul>	M
<b>Control Risk Before MM</b>	<b>S</b>	<b>Control Risk After MM</b>	<b>M</b>
<b>Overall FM Risk</b>	<b>S</b>	<b>FM Risk After MM</b>	<b>S</b>

*Financial Management System*

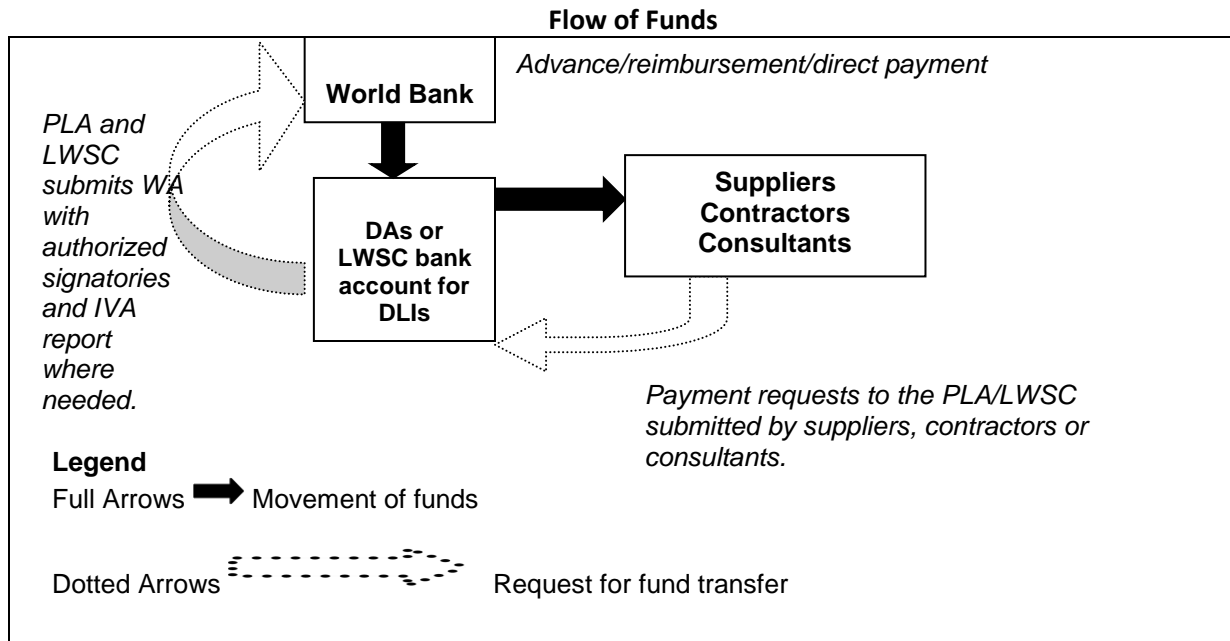
13. **Flow of funds and banking arrangements.** WB financing will be in the form of grants, to be disbursed through four DAs opened by the MoFP at the Bank of Palestine and operated by the PLA and the LWSC. The MoFP will open a DA denominated in US Dollars, into which replenishments from WB resources will be transferred and will be used in financing project components according to the approved budget.
14. Withdrawal Applications will be prepared by each agency and will be signed by the authorized signatories at the MoFP, before submission to the WB.
15. The two agencies will vest the sole responsibility to disburse on behalf of the project to suppliers, contractors, and consultants. The agencies will maintain a monthly reconciliation statement between their records and the Bank's records per Client Connection. Such reconciliation will set out the disbursements by category, as well as the designated account balance. Disbursement and payment requests will be based on approved contracts and services as defined in the Project documents.
16. DA records will be reconciled with bank statements by the two agencies on a monthly basis. A copy of each bank reconciliation statement, together with a copy of the relevant bank statement, will be reviewed monthly by the Project Financial Officer at the PLA who will investigate and resolve any identified differences. Detailed banking arrangements, including control procedures over all bank transactions (e.g., check signatories and transfers) will be documented as part of the Project Operational Manual, which will be finalized before grant effectiveness.
17. **Flow of Funds for DLI Components.** There are identified expenditures in the LWSC budget which are eligible to be financed through the project, specifically under Sub-component 1.1 and 1.2 (see chart under the Disbursements



section). These will be initially financed through the LWSC regular budget cycle and, upon verification of results through the IVA, will be reimbursed by the Bank up to the DLI allocations.

18. **Advance for Gender Action Plan.** An advance will be made to LWSC to fund the preparation of the Gender Action Plan (Sub-component 1.2), as there is no budget line item in the government approved budget for LWSC for this year. The advance will cover the initial expenses for the GAP preparation and, upon verification of results through the IVA, the corresponding amount can be paid.

19. The following chart describes the funds flow for the project.



20. **Information Systems.** Both PLA and LWSC have a computerized financial management system, which is the government Bisan system. Each staff has limited access to the system according to his or her authority. Previous assessments have indicated that the system produced the necessary project financial reports, the staff are adequately trained to maintain the system, and the management organization and processing system safeguard the confidentiality, integrity, and availability of the data. Access is restricted to the employees based on their functions. There will be a new cost center opened in Bisan to record all project transactions, as required by the government system of accounting.

21. **Staffing.** Project activities, including financial management, will be handled by the PLA and LWSC. These entities will keep all accounting records and ensure that all transactions are recorded in the government accounting system (Bisan).

22. **LWSC.** The organizational structure of the accounting department is as follows: Director, Procurement (one staff person), Expenditures/payments (one staff person), Revenues Follow-up (one staff person) and Correspondence/Jawwal invoices (one staff person). In addition, a financial controller is assigned to LWSC on a part-



time basis. The accounting department at LWSC will hire one more person to support the expenditures and revenues staff.

23. **PLA.** A three-year staffing plan is updated on a yearly basis. The organizational structure of the accounting department covers 15 permanent employees at the General Directorate of Finance Affairs. A procurement specialist is needed, and an FM specialist may be needed in the future, as well as a part-time administrative person. The staff is in need of advanced training to develop their skills and to be reacquainted with WB procedures.
24. **Financial Reporting and Monitoring.** The PLA will have overall responsibility for financial management of the Project. Specifically, the PLA will be responsible for: (i) consolidating the grant financial data; (ii) preparing activity budgets (Disbursement Plan) semi-annually as well as annually; and (iii) consolidating semi-annual IFRs and annual financial statements. The LWSC and the PLA will prepare monthly DA reconciliation statements for their respective accounts, periodic SOEs and withdrawal schedule, as well as ensuring that project FM arrangements are acceptable to the PA and the WB.
25. The PLA will produce periodic financial reports as outlined below and submit these to the WB for the purpose of monitoring project implementation.

**Semi-annual unaudited IFRs (submitted within 45 days after period end)**

- (a) *Financial Reports* include a statement showing for the period and cumulatively (project life or year to date) inflows by sources and outflows by main expenditure classifications; opening and closing cash balances of the project; and supporting schedules comparing incurred and planned expenditures, with detailed deviation analysis between incurred and budgeted figures;
- (b) *Contract listing*, reflecting all signed contracts under the grant with the value of each, and the amount disbursed under each contract as at the report date; and
- (c) *DA statement and reconciliation*, showing deposits and replenishments received, payments supported by WAs, interest earned on the account and the balance at the end of the reporting period.

**Annual Project Financial Statements (submitted within six months after year-end)**

- (a) A Statement of Sources and Uses of Funds (by grant category/activity showing Bank and counterpart funds separately);
- (b) A Statement of Cash Position for project funds from all sources;
- (c) Statements reconciling the balances on the various bank accounts (including DA) to the bank balances shown on the Statement of Sources and Uses of Funds; and
- (d) Notes to the Financial Statements for significant accounting policies and all other relevant information.
26. **Accounting Policies and Procedures.** Project accounts will be maintained on a cash basis of accounting, augmented by appropriate records and procedures to track commitments and to safeguard assets. Accounting records will be maintained in US Dollars.
27. **External Audits.** The Grant Agreement requires the submission of annual audited project financial statements within six months after year-end. The project's financial statements will be audited annually by a qualified independent



auditor acceptable to the Bank, in accordance with internationally accepted auditing standards, under terms of reference acceptable to the Bank.

- 28. The auditors will be expected to express an opinion on the audited project financial statements, on the eligible use of the Bank’s contribution to the project, the accuracy and propriety of expenditures, and the extent to which these can be relied upon as a basis for loan disbursements, as well as DA transactions, balances, and compliance with Bank procedures.
- 29. In addition to the audit report, the external auditors will be expected to prepare a Management Letter giving observations and comments, and providing recommendations for improvements in accounting records, systems, controls and compliance with financial covenants in the Grant Agreement.
- 30. **Supervision.** World Bank Financial Management supervision activities will include, but not be limited to, review of SOEs, review of IFRs, review of annual audited financial statements and management letters, as well as timely follow up on issues raised by the auditor. There will be field supervisions on a periodic basis during the Project life. Bank supervision missions will consist of visits to both PLA and LWSC, and other stakeholders as necessary. Relevant documentation will be made available to Bank supervision missions.

**Disbursements**

- 31. Disbursements from the WB will follow the transaction-based method, i.e. traditional Bank procedures: SOEs, Direct Payments, and Special Commitments. For certain payments, above the “Minimum Application Size” as specified in the Disbursement Letter, Withdrawal Applications (WAs) will be submitted to the Bank directly for payments to suppliers and consultants.
- 32. Disbursements into the DA will be requested through WAs, reconciled bank statements and copies of all bank statements. The supporting documentation for requests for direct payment should be records evidencing eligible expenditures (such as copies of receipts and suppliers’ invoices).
- 33. Disbursements for DLIs will be made on receipt of a verification report by the Bank, supporting the DLI achievement, and reports on eligible expenditures. The payment will be the lesser of the eligible expenditures as in the table below or the amount payable against the DLIs.
- 34. Eligible expenditures for DLIs under Component 1 are shown in the table below.

<b>LWSC budget for 2019 and projected budget for 2020-2023 (USD)</b>						
<b>Expenditures</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>TOTAL</b>
Salaries of temporary staff	1,972,000	1,972,000	1,972,000	1,972,000	1,972,000	9,860,000
Operating Expenditures	841,670	841,670	841,670	841,670	841,670	4,208,350
Transferable Expenditures	277,780	277,780	277,780	277,780	277,780	1,388,900



Capital Expenditures	166,670	166,670	166,670	166,670	166,670	833,350
Total	3,258,120	3,258,120	3,258,120	3,258,120	3,258,120	16,290,600
<b>Expected DLI Payment Amount</b>	<b>600,000</b>	<b>1,640,000</b>	<b>1,730,000</b>	<b>1,600,000</b>	<b>1,730,000</b>	<b>7,300,000</b>
<b>Expenditures covered by DLI Payment (%)</b>	<b>18.4</b>	<b>50.3</b>	<b>53.1</b>	<b>49.1</b>	<b>53.1</b>	<b>44.8</b>

- 35. **Designated Accounts.** The DAs will be held in US Dollars. The ceiling of the DA for the IPF component under TFGWB for PLA will be US\$350,000 and US\$50,000 for LWSC. The ceiling of the DA under the PID-MDTF will be US\$100,000 for the PLA. For the DLI component under GPRBA for LWSC, the advance will be based on the DLI payment forecast for two successive periods.
- 36. **Planning and Budgeting.** A disbursement plan will be prepared as well as a financial budget for the life of the project (broken down by year and by quarter). The two entities will prepare the budget for the coming year, which will include the figures for the year, analyzed by quarter. The budget for each quarter will reflect the detailed specifications for project activities, schedules (including the procurement plan), and expenditures on monthly and quarterly project activities. The annual budget will be sent to the WB Task Team Leader for review at least two months before the beginning of the project fiscal year.

**Procurement**

- 37. Procurement for the project will be carried out in accordance with the “World Bank Procurement Regulations for Borrowers under Investment Project Financing” dated July 2016, revised November 2017, and in August 2018. “The Guidelines on Preventing and Combatting Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, revised in January 2011, and as of July 1, 2016, shall apply to the Project. the PA Public Procurement Law No. 8 of year 2014 became effective on July 1, 2016. Specific components of the national procurement system (e.g., national standard bidding documents, single procurement portal, and complaint handing mechanism) which would be acceptable for use in the project, have been agreed.
- 38. PLA and LWSC will be responsible for procurement, and will act as the WB’s counterparts for all procurement aspects of their respective project components. LWSC will carry out procurement for Component 1, while the PLA will carry out procurement and contract management for Component 2, in accordance with the approved procurement plans of the two implementing agencies. A procurement risk and capacity assessment of LWSC and the PLA was initiated during project preparation revealed that the procurement capacity of the PLA and LWSC requires strengthening in terms of staffing and training. The envisaged procurement activities are rather complex and would require specialized skills, especially those involving the procurement of information and communication technology (ICT), which is required for automation and digitization of real estate services. To ensure effective implementation of the envisaged procurement activities, the PLA and LWSC project teams will be strengthened by a qualified full-time procurement staff to support procurement in both entities. The procedures for processing various types of procurement will be documented in the POM, and procurement training will be provided to PLA and LWSC immediately after grant effectiveness. For ICT/MIS procurement, additional technical support by specialized expert(s) will be made available to LWSC/PLA for the definition of requirements, preparation of bidding documents, evaluation, and supervision of contract execution.



- 39. PLA and LWSC (with support from the WB) have prepared a PPSD, which identified the appropriate selection methods for the envisaged procurement packages, market approach, and the type of review required by the World Bank. The PPSD includes a description of PLA and LWSC capacities for carrying out procurement and managing contract implementation. Other issues addressed include the capabilities of the local market to provide the procurement packages envisaged under this project, mainly the specialized ICT/MIS services. The PPSD found that while the national market offers sufficient diversity for ICT/MIS related goods, international consultants will need to be identified where the required expertise is not locally available.
- 40. The PPSD also identified the procurement risks facing the PLA and LWSC, in particular those related to the lack of expertise among both entities’ teams in processing certain ICT/MIS procurement packages. To address these risks, the PPSD recommends involving local and/or international technical experts to support the TOR elaboration, and oversight of technically complex procurements.
- 41. The PPSD concluded with a Procurement Plan for the first 18 months of the project. During implementation, the Procurement Plan will be updated, with the World Bank’s prior approval, at least annually and as required to reflect actual project implementation needs. The LWSC and the PLA will use the WB’s Systematic Tracking of Exchanges in Procurement (STEP) system to prepare, clear, and update their Procurement Plans and to document procurement transactions. The thresholds for various procurement methods and market approaches that would apply to the project are outlined below:

**Thresholds for Procurement Approaches and Methods (US\$ thousands)**

Type of Procurement/ Approach	Threshold
Goods, information technology and non-consulting services/Open International	No threshold (All)
Goods, information technology and non-consulting services/Open National	500
Goods, information technology and non-consulting services/Request for Quotations National	100
Consultant Services/shortlists comprising National consultants	300

- 42. The project will finance goods, ICT, non-consulting services and consultant services. Procurement activities envisaged under the project will include technical assistance and consultants’ services (individuals and firms) required to support the planned improvements, mainly (i) the establishment of PMIS system and automated workflow system for data collection and processing to accelerate SLR carried out by LWSC under Component 1; (ii) the automation of PLA functions under Component 2; and (iii) the project staff and external audits under Component 3. In addition, procurement activities will include procurement of goods, including office equipment, technical devices, software, etc.
- 43. The overall procurement risk for the project is considered Substantial. The WB Prior Review thresholds for Substantial risk rated projects are outlined in the table below. In addition to contracts estimated to be above these thresholds, all TORs will be subject to prior review. In addition to prior review, the WB will carry out two supervision missions a year, including an ex-post procurement review that would cover at least 15 percent of the contracts awarded during the review period.

**Procurement Prior Review Thresholds (US\$ thousands)**



Type of Procurement	Prior Review Threshold
Goods, information technology and non-consulting services	2,000
Consultants: Firms	1,000
Consultant: Individual	300

### Strategy and Approach for Implementation Support

44. The Implementation Support Plan (ISP) describes how the WB will support the implementation of the risk mitigation measures identified in the Systematic Operations Risk-rating Tool (SORT) and will provide the technical advice necessary to facilitate the implementation of project activities for achieving the PDO. The main objective of the ISP is to ensure the timely award of contracts and quality of consultants' outputs, including timely review and decision-making on outputs by the PLA/LWSC, effective knowledge transfer, and adherence to the implementation schedule.
45. The ISP also identified the minimum requirements to meet the WB's fiduciary obligations. Emphasis will be placed on upstream reporting, auditing and accountability, and technical compliance measures to ensure the early detection and remedy of problems.
46. The PLA/LWSC will prepare and submit to the WB a detailed project implementation progress report on a biannual basis, which will provide the status of project activities and identify implementation issues. These reports, combined with site visits, will be used as the basis for undertaking substantive reviews of implementation progress and reaching agreement with the client on: (i) the outcome of the reviews; (ii) project areas requiring strengthening and more targeted capacity building; (iii) approaches for the resolution of implementation issues; and (iv) revision of the implementation schedule and verification of the consistency between project activities as planned and the financing plan, as needed. The PLA/LWSC will also submit at the end of the calendar year for WB non-objection an annual work plan, updated budget, training and procurement plan for the following year.
47. The WB's project team will provide timely and effective implementation support through a combination of regular supervision and liaison with the client from the Washington office (via audio/video) and semi-annual implementation support missions in-country. A project focal person in the WB Country Office in Jerusalem will provide more frequent and timely implementation support to the PLA/LWSC. Key members of the Bank's team, including the Co-task team leader (Co-TTL), procurement and financial management specialists, are based in the Country Office and will also provide timely support and guidance.
48. **Bank-executed Trust Fund (GPRBA – US\$0.3 million).** A Bank-executed trust fund (BETF) parallel to the project will be established with GPRBA grant financing for: (i) project implementation support and supervision of the project; and (ii) the independent verification of results regarding SLR and the development and implementation of the Gender Action Plan. The project is introducing a new practice for financing land registration, which will require close supervision and support for project implementation, and to facilitate the application of lessons learned. This will include field visits to LWSC offices, workshops and stakeholders' consultations at local and central level, and preparation of technical guidance on best practices. The verification of DLI results will occur through an independent verification agent (IVA) that will be contracted by the WB under the GPRBA-financed TF. The IVA will develop Results-Verification Reports (RVRs) to assess the disbursement-linked activities, track and confirm progress in achieving the disbursement-linked targets for the operation, and inform the Bank's decisions on disbursements, potential required amendment, and documentation of the lessons learned. Bank-executed Trust Fund (GPRBA – US\$0.3 million). A Bank-



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### Implementation Support Plan and Resource Requirements

49. **Technical inputs.** Technical knowledge of land registration and cadastre, information technology, geographic technical standards and engineering works, and site supervision are required for reviewing bid documents to ensure fair competition through proper technical specifications and fair assessment of the technical aspects of bids/contracts. During project implementation, technical supervision is required to ensure that contractual obligations are met. The Bank's project team will conduct site visits with PLA/LWSC staff to local governorates, registration offices, land authority offices, and the land sector agencies on a regular basis throughout the duration of the project to review SLR progress, automation and digitization processes, and other project activities.
50. Resources in the amount of US\$0.3 million are being provided by GPRBA for a BETF for the project for: (i) WB project implementation support; and (ii) the independent verification of SLR and the GAP results.
51. **Fiduciary requirements and inputs.** Training will be provided by the WB's financial management specialist and the procurement specialist during project implementation. Supervision of financial management arrangements will be carried out semi-annually as part of project implementation support. The WB will provide risk-based FM implementation support within six months of grant effectiveness, and thereafter at appropriate intervals. The WB will supervise the project's financial management arrangements in the following ways: (i) review the project's semi-annual IFRs, as well as the project's annual financial statements and the auditor's management letters and remedial actions recommended in the auditor's management letters; and (ii) review of the project accounting and internal control systems, budgeting and financial planning arrangements, disbursement arrangements and financial flows (including counterpart funds, as applicable), and any incidents of corrupt practices involving project resources. Procurement supervision will be carried out on a timely basis as required by the client.
52. **Environmental and Social Safeguards.** The Bank will provide guidance on mitigating any social risks that may be identified on the completion of the SIA (that will be prepared during the first three months after grant effectiveness). This includes any potential for undermining of the rights of women and vulnerable groups. The WB's environmental and social safeguards specialists will provide regular support in strengthening the safeguard management capacity in the PLA and LWSC and will participate in field visits on a regular basis to maintain a good and ongoing understanding of the situation on the ground.
53. **Skills and Resources required for Implementation Support.** The tables below indicate the focus of implementation support during the various stages of implementation, as well as the skills required for implementation support.



Time	Focus	Skills Needed
First twelve months	Start-up of large consultant support contracts, and review of bidding documents; M&E arrangements/defining baselines; Support with implementation of institutional capacity building	Project Management / Operations/M&E Cadastre ICT Legal FM Procurement Social Environmental
12 – 48 months	Supervision and M&E	Same as above
Other	Supervision and M&E	Same as above

**Skills Mix Required**

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
Project Management	10/year	2/year	To be adjusted annually
Operations	4/year	2/year	
Land Administration /Legal Cadastre Specialist	5/year	2/year	
IT expertise	5/year	2/year	
Social	6/year	3/year	
Environmental	2/year	1/year	
Procurement	2/year	1/year	
Financial Management	1/year		
Communications	1/year		



**ANNEX 2: Disbursement-Linked Indicators (DLI) for Component 1 Verification Protocols and Disbursement Arrangements**

**COUNTRY: West Bank and Gaza  
Real Estate Registration Project**

**Disbursement-Linked Indicator Matrix**

	<i>Total Financing Allocated to DLI (US\$)</i>	<i>As % of Total Financing Amount</i>	<i>DLI Baseline</i>	<i>Indicative timeline for DLI achievement</i>								
				<i>Period 1</i>	<i>Period 2</i>	<i>Period 3</i>	<i>Period 4</i>	<i>Period 5</i>	<i>Period 6</i>	<i>Period 7</i>	<i>Period 8</i>	
<b>DLI 1</b> Properties in target areas with final ownership rights registered			0	Disbursed upon completion of 30,000 titles	Disbursed upon completion of additional 30,000 titles	Disbursed upon completion of additional 30,000 titles	Disbursed upon completion of additional 30,000 titles	Disbursed upon completion of additional 30,000 titles	Disbursed upon completion of additional 30,000 titles	Disbursed upon completion of additional 30,000 titles	Disbursed upon completion of additional 30,000 titles	Disbursed upon completion of 30,000 titles
<b>Allocated Amount</b>	<b>7.0 million</b>	<b>55.5</b>		<b>US\$0.6 million</b>	<b>US\$0.6 million</b>	<b>US\$0.6 million</b>	<b>US\$0.6 million</b>	<b>US\$0.6 million</b>	<b>US\$0.6 million</b>	<b>US\$0.6 million</b>	<b>US\$0.6 million</b>	<b>US\$0.6 million</b>
<b>DLI 2</b> Gender Action Plan (GAP) prepared, endorsed, and implemented			0	Disbursed upon completion and endorsement of GAP (6 months after project effectiveness)	Disbursed upon implementation of first half of gender action identified by the GAP.	Disbursed upon implementation of second half of gender action identified by the GAP.						
<b>Allocated Amount</b>	<b>0.3 million</b>	<b>2.4</b>		<b>US\$40,000</b>	<b>US\$130,000</b>	<b>US\$130,000</b>						



**DLI Verification Protocols**

Sr #	DLI	Definition / Description of achievement	Scalability of Disbursements (Yes / No)	Protocol to evaluate achievement of DLI and data/result verification		
				Data source / agency	Verification Entity	Procedure
1	Properties in target areas with final ownership rights registered	This indicator will be satisfied when: LWSC reports on the achievement of the DLI set targets to the IVA, IVA checks for completion of registration against the Table of Rights transferred to the PLA, and a verification report is submitted for review and approval by the Bank. Achievement of the DLI is subject to Bank approval.	Yes	PLA	TBD	TBD
2	Gender Action Plan (GAP) prepared, endorsed, and implemented	This indicator will be satisfied when: LWSC reports on achievement of the DLI set targets to the IVA; IVA checks for completion of the GAP and endorsement by the Head of the LWSC; and implementation of a minimum of half of the identified actions, and submission of the verification report and GAP to the Bank for review and approval. Achievement of the DLI is subject to Bank approval.	Yes	LWSC	Same as for DLI 1	TBD

**Bank Disbursement Table**

#	DLI	Financing allocated (US\$ Mn)	Deadline for Achievement	Min. value to trigger disbursement	Max. values expected	Determination of financing amount to be disbursed against achieved and verified DLI values
1	Properties in target areas with final ownership rights registered	7.0	Periodic	1	350,000	The international settlement rate of US\$20 will be disbursed per registered title, up to a total of 350,000 titles.
2	Gender Action Plan (GAP) prepared, endorsed, and implemented	0.3	(i) 6 months after grant effectiveness for preparation and	1	TBD	US\$40,000 will be disbursed upon completion and endorsement by LWSC of the Gender Action Plan. US\$130,000 will be disbursed for implementation of each half of the gender actions identified in the GAP.



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#	DLI	Financing allocated (US\$ Mn)	Deadline for Achievement	Min. value to trigger disbursement	Max. values expected	Determination of financing amount to be disbursed against achieved and verified DLI values
			endorsement of the GAP. (ii) implementation of gender actions (not-time bound)			



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