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WEST BANK WATER DEPARTMENT-INSTITUTIONAL REFORM TOWARDS NATIONAL BULK SUPPLY UTILITY

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SUMMARY – West Bank Water Department (WBWD) is the official governmental body turned by the Israeli Civil Administration to a sort of public department, with responsibilities of operating and maintaining bulk water facilities. The Institutional objective of WBWD has, since 1967, been to provide drinking water in bulk to municipal utilities, design and supervise the water supply facilities for municipalities and village councils in addition to sources and production facilities which are operated by the local authorities. Control over WBWD was relinquished by the Israeli to the Palestinian National Authority in 1996, and a protocol was signed by the Israeli on this matter, but the Palestinian side had refused to sign this document because it did not include the return of the 13 wells confiscated by Israeli in 1978. The Palestinian National Authority has continued this practice since 1996, and the WBWD has been responsible for operating and maintaining bulk water facilities owned by the Palestinian National Authority. The Water Sector within the Palestinian Territories has been undergoing various developments. The sector restructuring strategy for the bulk water sector involves enhancing legislation that would recognize the regain of control by the Palestinian side over the WBWD and that would restructure the WBWD into the National Water Utility - “NWU”, with the required scope of functions and jurisdiction. PWA is empowered to proceed with restructuring and developments of National Water Utility to supply bulk water to all governorates on the national level. A presentation will be made about the Background of the WBWD, the creation of the NWU, its objective and mandate. A summary will be made of the institutional legal aspects, capacity building/ organization and the different suggested forms of the NWU. As conclusion, a review will be made about the achievements in regard of the creation of the NWU.

Keywords: PNA, PWA, WBWD, AFD, Oslo agreement, Article 40, sector restructuring, management contract

1. ORGANISATIONAL ASPECTS

1.1. WBWD' organization structure

WBWD was created by the Jordanian law No. 37 of 1966 in Jerusalem as a branch office of the Jordanian Natural Resources Authority. After 1967 war, the Israelis Controlled the WBWD and all Water resources in Palestine, and the WBWD – became as a “government body” turned by the Israeli Civil Administration (ICA) to a sort of public department, with de facto responsibilities of operating and maintaining bulk water facilities. The Palestinians have continued this practice since 1996, and WBWD has been responsible for operating and maintaining bulk water facilities owned by the Palestinian National Authority (PNA). The institutional objective of WBWD has, since 1967, been to provide drinking water in bulk to municipal utilities in addition to sources and production facilities, which are operated by the local authorities.

The department was to be transferred from the (ICA) to the PNA in application of the dispositions of the Art.40 of Oslo Agreement. Control over WBWD was relinquished by Israel to the (PNA) IN 1996. A protocol for transferring the employees was signed by the Israeli Side, but not by the Palestinian Side as it did not include the return of the 13 confiscated wells by Israelis in 1978. However, the operation and maintenance of 13 production wells, 6 boosting stations and 12 reservoirs, which will be subject of discussions in the final stage of negotiations, are still strongly monitored by Mekoroth Co., which, in a large extend, is practically performing most of operating

procedures and maintenance activities that would normally accrue to WBWD; all the related expenditure is currently charged by Mekoroth on the water bills.

A General Director heads the Department. The organisation structure comprises 3 functional "departments":

1. Administration providing services (accountings, financial management, office services, warehouses, transports, personnel management, purchasing) to the other 2 productive divisions; this division is responsible of readings, billing and collection as well.
2. Planning and works supervision, responsible of engineering design, studies, and due diligence required to obtain (i) Joint Water Committee (JWC) clearance for developing new water projects, and (ii) licenses from PWA to develop new water sources.
3. Operation and Maintenance: Providing Potable Water to 274 bulk water consumers, and operating and maintaining the water facilities and infrastructure under the WBWD Control.

The organisation of each division is not structured according to geographical deployment, or according to specific operational breakdown of functions. The tasks are assigned to the employees by the head of the divisions according to their professional skills, on a day-to-day basis according to service requirements.

1.2. Staffing

WBWD had 85 employees in 1996, of which 77 people are hired by the (ICA). The organisation currently in charge of bulk water supply is the West Bank.

The active staff was increased with the incorporation of personnel appointed by PWA in view to operate and maintain new assets, reaching 110 in 2000, 117 in August 2001, and 166 in year 2004 (83) hired by (ICA) and 83 hired by the (PWA).

WBWD was assigned to take over, under guidance of USAID, the operation and maintenance of the new facilities implemented by PWA with Donors' support. Despite the fact that new personnel were hired by PWA match the needs related to the expansion of WBWD's activities, the corresponding organisation structure does not reflect this primary objective. The operation of the new facilities is managed from the head office in Ramallah, while in-site organisation seems far from efficiently structured, lacking functional organisation, personnel training, maintenance equipment, service facilities (workshops, O&M procedures, assets management skills, organised spare parts stores).

The O&M department is depending on a small number of experienced staff.

1.3. Fixed assets

The fixed assets that are operated by the WBWD consist of 8 newly drilled wells in full ownership of the PWA, 10 booster stations, 13 regional water tanks, 600 km of main transmission pipelines, 323 metered service bulk main connection, and other 13 wells that will be returned to the PA upon final negotiations.

There was no comprehensive inventory of the assets transferred from ICA to WBWD since June of 1996.

2. SECTOR RESTRUCTURING STRATEGY

Since June of 1996, the WBWD is still in a transition period, lacking a legal and institutional framework that could effectively guide the management activity.

In 1996, pursuant to the dispositions of the Oslo II Accords, the Israeli side proceeded unilaterally to separate West Bank Water Department from ICA. WBWD remained in charge of operation & maintenance of pipe works that supply Palestinian users only, while Mekoroth retained the similar functions for the pipe works that supply Israeli settlements. In addition, WBWD maintain personnel on 13 wells and 6 boosting stations, which are the matter of a claim of Palestinian Authority respecting

the ownership of these facilities, which are claimed to be returned to PNA in application of Oslo II Accords.

The Palestinian Authority is considering the implementation of a new Water policy framework, aiming to setting up an autonomous National Water Supply Utility (NWU), which would take over the management of trans-regional bulk water supply systems, comprising:

- existing transmission lines, currently operated by WBWD, providing bulk water supply to Palestinian communities,
- water projects, which are currently developed by the Palestinian Water Authority (PWA),
- other water sources envisaged in the National Water Plan (NWP), upon approval of the Joint Water Committee (JWC).

The objectives of the new policy is to establish steps that should be given by the Palestinian Authority to set up a bulk water supply utility in the most straightforward manner that would ensure a sustainable development of the sector.

The NWU would be licensed by the Palestinian Water Authority (PWA) to operate water production facilities, purchase drinkable water from national and international suppliers, convey the water to local municipal and industrial water distribution systems, And in future to the water supply regional utilities.

According to Law No.2 and the new Water Law, PWA is the regulator of water resource uses, with powers to issue permits to abstract certain quantities of water from natural resources and to purchase water from other licensed provider, to license both private and public firms and entities to producing and transporting water, and to supply it for specific agreed uses, and to regulate all water supply transactions including tariff setting.

PWA will be the national regulator of the water sector management. The National Water Council (NWC) will establish the water management policies and applicable tariff structures.

In order to restructure WBWD into a National Water Utility (NWU) with jurisdiction over all Palestinian Territory, two likely options were considered:

- PWA to restructure entities under Article 7 (7) of the Water law,
- Enacting primary legislation restructuring WBWD.

The NWU will own the movable assets that would be required for the fulfilment of the obligations of the utility. Respecting fixed assets, the Palestinian Authority will retain the ownership of all public facilities; however, we recommended that the NWU be responsible as well of ensuring perennial functionality of the public assets. To this end, the NWU will be allowed to incorporate in applicable tariffs, financial provisions for renewal of relevant fixed assets as required ensuring continuity of service delivery.

In order to ensure a successful setting up and organisation process of the NWU, the PWA entered into a contract with an experienced international firm, the Operator, specialising in water systems management. The Operator will be responsible for:

- Institutional and legal assistance to PWA for restructuring the WBWD and transforming it into the NWU,
- Operation and management services aiming at enhancing WBWD capacity in terms of operation and maintenance of the systems, customer management, financial management, including staff training and procurement of operational equipment.

The AFD (Agence Française de Développement) has granted funds to finance a project aimed at improving water supply management in the Palestinian Territories. The Project comprises three components:

- Technical support to management of bulk water supply in the West Bank
- Renovation and construction of water distribution networks in the West Bank and the Gaza Strip
- The present study relates to the first component of the Project.

The objectives of the study can be summarised as follows:

- To assess the current status of the water production and transport in the West Bank, from technical, institutional, organisational, legal and managerial points of view;

- To outline the institutional evolution of the sector;
- To draw up an action plan for the improvement of the management of the sector and the implementation of the institutional evolution;
- To prepare the request for proposal from international firms specialising in water system operation and management, for a contract with PWA in order to implement the Action Plan. The contract was awarded to a French Consultant for 30 months duration started from Dec. 2004.

The main objective of the project is: management contract institutional reform of the WBWD towards creation of the (NWU); the aim to:

- Strengthen the management,
- Develop technical capabilities, and
- Help define and setup an adequate institutional, organizational, and transport of bulk water in Palestine.

While the main Components of the Project are:

- Institutional / Legal
- Capacity building / organisation
- Communication
- Operation & Maintenance
- Emergency Investment Fund

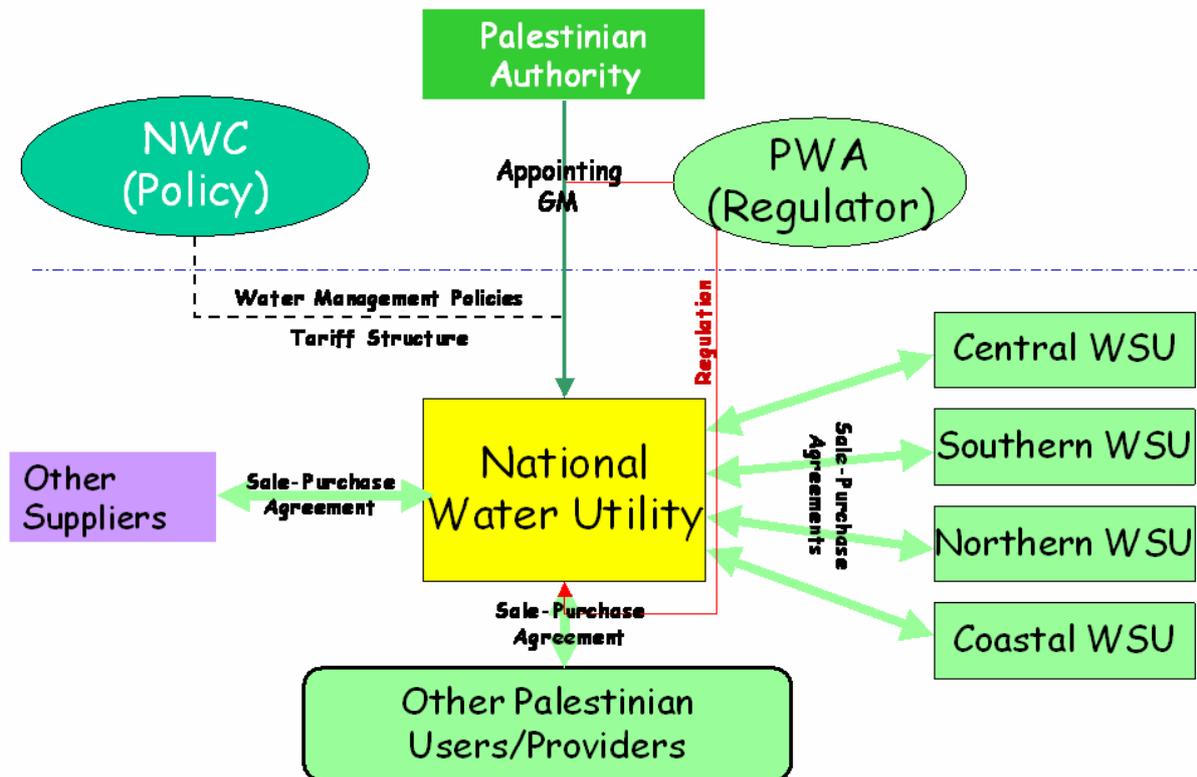


Figure 1. Future institutional organization of the water sector