



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 22-Dec-2021 | Report No: PIDA32314

**BASIC INFORMATION****A. Basic Project Data**

Country West Bank and Gaza	Project ID P176199	Project Name Emergency SPJ COVID19 Response Project - Additional Financing	Parent Project ID (if any) P174078
Parent Project Name West Bank Emergency Social Protection COVID-19 Response Project	Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date 22-Dec-2021	Estimated Board Date 24-Jan-2022
Practice Area (Lead) Social Protection & Jobs	Financing Instrument Investment Project Financing	Borrower(s) Palestine Liberation Organization (for the Benefit of the Palestinian Authority)	Implementing Agency Ministry of Social Development, Ministry of Labor/Palestinian Fund for Employment and Social Protection for Workers, Ministry of Finance

Proposed Development Objective(s) Parent

To provide cash support and short-term employment opportunities to vulnerable populations in West Bank, affected by COVID-19.

Proposed Development Objective(s) Additional Financing

To provide cash support and short-term employment opportunities to vulnerable populations in West Bank and Gaza affected by emergency shocks including COVID-19 and in case of an eligible crisis or emergency, respond to it promptly and effectively.

Components

Emergency Cash Transfers in the West Bank and Gaza
Cash for Work in the West Bank (C4W)
Capacity Building, Project Management, Monitoring and Evaluation
Contingent Emergency Response Component (CERC)

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

Total Project Cost	9.42
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Total Financing	9.42
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	9.42
MNA Region Umbrella 2.0 MDTF	4.61
Palestinian Umbrella for Resilience Support to the Economy M	4.81

Environmental and Social Risk Classification
Substantial

B. Introduction and Context

Country Context

- As COVID-19 related lockdowns were eased during the majority of the first quarter (Q1) of 2021, economic activity in the Palestinian territories picked up during this period.** Given the decline in the daily number of new COVID-19 cases, especially in January 2021, the Palestinian Authority (PA) took a decision to significantly ease lockdowns until early March when some measures were reintroduced as cases spiked again. The ease in lockdowns combined with the launch of the vaccination campaign allowed consumer confidence to pick up slowly and business activity to gradually rebound. According to data published by the Palestinian Central Bureau of Statistics (PCBS), the real Gross Domestic Product (GDP) of the Palestinian economy grew by 1.9 percent in Q1 2021, compared to the previous quarter. Growth was driven by an increase in private consumption as well as capital investments. However, comparing the economic performance in Q1 2021 to the same quarter in 2020 shows a contraction of 5.9 percent, indicating that the economy has not yet rebounded to its pre-COVID levels.
- The unemployment rate in the Palestinian territories has remained high because of the COVID-19 outbreak, restricting the scope for short-term fiscal consolidation.** The overall Palestinian unemployment rate stood at 26.4 percent in Q2 2021, including 16.9 percent in the West Bank and 44.7 percent in Gaza. This reflects the challenging economic situation in Gaza due to years of restrictions, exacerbated by the May 2021 conflict and the COVID-19 pandemic. Among women, the unemployment rate both in the West Bank and Gaza (WB & G) is even higher at 27 and 64 percent, respectively. Based



on the latest available official data,¹ 22 percent of Palestinians lived below the US\$5.50 a day poverty line (based on 2011 purchasing power parity) in 2016-2017. In the West Bank, poverty rates are lower but sensitive to shocks in household expenditures. In Gaza, unemployment and poverty indicators have deteriorated systematically. According to United Nations Relief and Works Agency (UNRWA), 80 percent of the population in Gaza is dependent on international assistance. Aid and remittances are almost the only source of foreign exchange inflows that are driving consumption. World Bank projections, based on per capita GDP growth, suggest that overall, the poverty rate in the WB & G has been constantly increasing since 2016, reaching 28.9 percent in 2020, representing approximately 1.4 million people living in poverty. Recent estimates by the World Bank indicate that the conflict has pushed poverty in Gaza to 59.3 percent in 2021.

3. **Poverty has been adversely affected by slow growth over the past few years and the pandemic during 2020.** Based on the latest available official data, 22 percent of Palestinians lived below the US\$5.5 2011 PPP a day poverty line in 2016/17. In the West Bank, poverty rates are lower but sensitive to shocks in household expenditures, while in Gaza any change in social assistance flows can significantly affect the population's wellbeing. Projections based on GDP per capita growth suggest that the poverty rate has been constantly increasing since 2016, reaching 28.9 percent in 2020, a significant increase of 7 percentage points in the past four years. This represents approximately 1.4 million people living in poverty in 2020.
4. **Overall, the near-term economic outlook for the Palestinian territories remains worrying given numerous undecided factors.** If the pace of the reconstruction process in Gaza remains as slow as it has been over the past several months, the Strip's economy is expected to shrink by 0.3 percent in 2021 due to the lingering effect of the war. The West Bank's performance, however, is expected to be more positive. If the vaccination campaign continues and the lockdown measures continue to be relaxed, for the majority of the remainder of the year, the West Bank economy is expected to grow by 3.6 percent, up from a very low base in 2020. In total, this indicates a growth rate of 2.9 percent for the Palestinian economy in 2021. This implies a near stagnation in real per capita income and worsening social conditions, especially in Gaza. This economic condition could be further exacerbated by the increasing vulnerability of the territory to climate change. Shortage of power and water accompanied by increasing warm temperature and irregular rainfalls could have a negative impact on agriculture and industries.¹

Sectoral and Institutional Context

5. **At the time of the parent project preparation, the pandemic was at its peak in the West Bank - however the situation drastically changed during implementation.** At the time of the preparation of the parent project, the pandemic was swiftly spreading in the West Bank, with no recorded cases in Gaza. After project effectiveness however, Gaza was significantly hit, and cases started surging. As of December 6, 2021, there are over 462,219 registered cases and 4,817 deaths in West Bank and Gaza. During summer 2021, the PA declared its high concern over a fourth wave of the pandemic, more specifically of the Delta

¹ Palestinian Central Bureau of Statistics (PCBS), Palestine Expenditure and Consumption Survey (PECS), 2017/2018



variant. The outbreak further aggravated the situation already affected by the continued blockade, access and movement restrictions, internal divide and decline in donor aid.

6. As such, the PA requested the World Bank to activate the Contingent Emergency Response Component (CERC) of the parent project to expand the Emergency Cash Transfer component to Gaza and cover around 8,000 affected households through the allocation of uncommitted funds amounting to US\$1.63 million. Based on the economic and social impacts of COVID-19, the Recipient noted the urgent need to support two groups that have been significantly impacted by the pandemic; (a) a waiting list of Gazan households registered in the Cash Transfer Program (CTP) but who have not received cash assistance to date; and (b) new poor households that have emerged as a result of the pandemic. Selected CERC beneficiaries will receive a one-time cash payment of NIS 700 (US\$205) to cover their basic needs and avoid falling deeper into poverty.
7. **Living Conditions remain challenging in Gaza.** Living conditions have deteriorated in recent years, mainly in Gaza. In 2017, around 24 percent of all Palestinians lived below the US\$5.5 2011 purchase power parity (PPP) a day poverty line. Data from the Palestinian Central Bureau of Statistics (PCBS) shows that 22 percent of Palestinians lived below the US\$5.5 2011 PPP a day poverty line in 2016 – latest actual available data. This, however, masks a substantial divergence in trends between the West Bank and Gaza. The poverty rate in the West Bank declined from 15 to 9 percent between 2010 and 2016, while poverty in Gaza increased drastically from 34 to 46 percent during the same period – almost leaving every second Gazan below the US\$5.5 a day poverty line.² Projections based on GDP per capita growth suggest that the poverty rate has reached 28.9 percent in 2020 in the Palestinian territories – a significant 7 percentage point increase in the last four years leading to 1.4 million people currently living in poverty.
8. **The May 2021 escalations in Gaza are bound to worsen the situation.** UNRWA³ reported that the May conflict left over 240 Palestinians killed including children, more than 1,900 wounded, and over 77,000 displaced. The damage caused to the wastewater infrastructure and electricity network coupled with limited fuel supply resulted in large volumes of untreated sewage water being discharged into the sea, creating health hazards and pollution. Damage to 58 education facilities undermines children’s access to education whereby the Ministry of Education decided to terminate the school year for all grades except for general secondary/high school examinations. The health system, already overburdened by COVID-19, weak response capacity and chronic drug shortages, sustained additional damages to six hospitals and 11 primary healthcare centers, including the only existing COVID-19 test laboratory. This further exacerbated the system’s overall capacity to sustain key service provision. These combined factors have severely undermined the living conditions and access to basic services by the entire population, particularly the poor and the most vulnerable groups.
9. **In June 2021, following the May 2021 Gaza conflict, the World Bank Group in collaboration with the European Union (EU) and United Nations (UN) published the Gaza Rapid Damage and Needs Assessment⁴ (RDNA).** According to the RDNA findings, the social sectors were hit the most (US\$140 – 180 million), making up more than half of the total physical damage. Housing alone represents almost 93% of the total physical damage to the social sectors. The second most-severely-affected sectors are the productive and financial sectors, with agriculture and services, trade, and industry at the fore. The

² According to Atamanov and Palaniswamy (2018), *Measuring Poverty in West Bank and Gaza*, there is no statistical significance in the difference between poverty in female-headed and male-headed households (as per consumption-based index).

³ UNRWA, May 21, 2021

⁴ <https://documents1.worldbank.org/curated/en/178021624889455367/pdf/Gaza-Rapid-Damage-and-Needs-Assessment.pdf>



social sector has also incurred the biggest share of economic losses ranging between US\$60 to US\$80 million. Losses incurred or to be incurred from additional health and social protection costs and unemployment accounted for between 87 and 92 percent of total social sector losses, with the conflict significantly impacting the fragile sources of livelihoods and safety nets of the most vulnerable. The RDNA highlights the importance of delivering direct assistance and strengthening systems that deliver public and social services in the areas of social protection, health care, education among others.

- 10. According to the RDNA, the immediate and short-term recovery and reconstruction needs (during the first 24 months) are estimated between US\$ 345 – 485 million**, of which US\$125 to 195 million in the immediate term (from now until the end of 2021), and US\$ 220 to 290 million in the short term (6 to 24 months). The priorities focus on ensuring a return to some normalcy by rapidly providing relief, repairing priority damages to infrastructure, and reinstating essential services disrupted by the conflict, to be restored at least to pre-conflict levels, if not further. Critical recovery needs include cash assistance to around 45,000 individuals for food and non-food assistance, providing an additional 20,000 full-time jobs for 12 months, and prioritizing housing needs for families who lost their homes: over 4,000 destroyed or partially damaged units that had about 7,000 children . Early interventions are needed to improve food production in agri-food and fishery and rehabilitate physical assets. In addition, financial support is needed to reconstruct the badly damaged micro and small enterprises that provide services, goods, and jobs to the communities, with a focus on sustainable energy- and water-efficient techniques.
- 11. As part of project preparation of the proposed AF, consultations were held with the PA and development partners.** Consultations were held with the MoF, MoL, MoSD and the PFESP. The Bank also met with donor representatives from the EU, Norway, Canada, and Ireland. The proposed AF is largely driven by the PA’s urgent need for assistance to respond to the COVID-19 recovery and resilience efforts in West Bank and Gaza as well as to the worsening socio-economic conditions in Gaza. The project is also a response to Directive No. 1291 (May 24, 2021) issued by the Secretary General of the Council of Ministers of the Palestinian Authority (PA), which requests World Bank’s support towards funding activities in Gaza in response to the May 2021 conflict.

C. Proposed Development Objective(s)

Original PDO

To provide cash support and short-term employment opportunities to vulnerable populations in West Bank, affected by COVID-19.

Current PDO

To provide cash support and short-term employment opportunities to vulnerable populations in the West Bank and Gaza affected by COVID-19, and in case of an Eligible Crisis or Emergency, respond to it promptly and effectively.

Key Results

1. The direct beneficiaries of the project are vulnerable populations in West Bank and Gaza affected by the COVID-19 crisis and vulnerable populations in Gaza affected by the deteriorating socio-economic conditions resulting from the May 2021 crisis. The project will provide cash transfers to about 111,016 poor and vulnerable households and temporary employment support to around 3,940 vulnerable populations (who are unemployed)



under the C4W component. At least fifty percent of beneficiaries under the C4W component will be women. CTP beneficiary status will be validated against MoSD's CTP beneficiary database. Only one beneficiary per household will be allowed. All project beneficiaries will receive payments digitally through bank accounts or e-wallets.

2. Indirect project beneficiaries will include:
 - a. Members of households benefiting from the cash transfer and C4W.
 - b. Vulnerable people directly benefiting from services provided under C4W projects (e.g., those affected by the COVID-19 disease, those being the sick, the disabled, elderly, children, and women).

D. Project Description

1. **Component 1: Emergency Cash Transfers to the West Bank and Gaza (original allocation US\$20 million/revised allocation US\$25,826,084).** The component will include two sub-components: (1.1) Emergency Cash Transfers to Households Vulnerable to Poverty in West Bank and Gaza (US\$17,292,719), and (1.2) Provision of Cash Transfers to Support Eligible Beneficiaries already receiving benefits from the existing CTP (US\$2,433,366). Approximately 111,016 households will benefit from component 1 (80,431 under sub-component 1.1 and 30,585 under sub-component 1.2), compared to the original end target of 89,400 households). The additional contribution of US\$5,826,084 will be financed by both the MNA and PURSE MDTFs. As in the Parent Project and to ensure timely support, the implementation of Component 1 will rely on MoSD's delivery system to work as a back-office service delivery for all cash transfers, which builds on the existing platforms and mechanisms developed through World Bank engagement with MoSD through the CTP-Project and the ongoing Social Protection Enhancement Project (SPEP).
12. **Component 2: Cash for Work in the West Bank (C4W).** This component will be expanded to reach additional beneficiaries in the West Bank. It will provide sub-grants to selected NGOs to implement C4W sub-projects employing targeted vulnerable populations, through temporary employment aimed to address health and social needs. The AF is expected to provide short-term, temporary employment opportunities for approximately additional 880 individual beneficiaries (of which at least 50 percent will be women), building on the delivery model developed for Gaza. This will bring the total number of beneficiaries from 3,060 to 3,940. Supported subprojects will focus on health and other social services provided by NGOs to vulnerable group and will also include economic livelihoods initiatives to assist vulnerable populations in the recovery from the COVID-19 crisis. Services to support economic livelihoods will mainly be in the area of agricultural activities but other types of activities could also be considered. In the area of health, the project aims to support functioning of health clinics and other health services, including support to disabled and elderly populations, through addressing manpower constraints in the sector. Beneficiaries will also be employed as teachers in the education sector, as social workers providing psychosocial support, as workers to support women who have been victims of gender-based violence (GBV), and as providers of child services.
13. **Component 3: Capacity Building Project Management, Monitoring and Evaluation.** No AF resources will be allocated to this component. As in the Parent Project, funds allocated from the TFGWB will continue to support project coordination, M&E, and all aspects of management, including fiduciary aspects, communication, and environmental and social safeguards related measures.



Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

The substantial risk rating is due to i) labor risks related to Occupational Health and Safety (OHS) risks, ii) risks of elite capture and exclusion, iii) community health and safety due to potential exposure to communicable diseases, including Covid-19, adverse impacts on community members due to handling of hazardous medical waste material and pesticides, and potential exposure to sexual exploitation and abuse (SEA), and sexual harassment (SH), iv) limited existing capacity for environmental and social risk management within the PCU and the concerned ministries, and, v) limited experience of the environmental and social specialists to be recruited within the PCU to manage ESF implementation. The experience of the non-compliance of the \$12.4 million disbursement is further justification for the substantial risk rating.

A commitment to implement a corrective action plan throughout the life of the parent project and additional financing, based on the lessons learned through the E&S audit, will be included in the AF ESCP. The risks of exclusion and elite capture will be addressed and mitigated both through the project design and measures included in the project’s E&S instruments to address and manage social impacts. The ESME/ESMP will be an integral part of the subcontracting process to ensure mitigation of E&S risks. Risks pertaining to exclusion, stakeholder engagement and information disclosure will be management through implementation of the Stakeholder Engagement Plan (SEP) that has been updated in line with the restructuring and AF. Similarly, risks related to labor and working conditions will be addressed in line with the Labor Management Procedures (LMP), updated in line with the restructuring and AF. In addition, there will be close, timely and continuous support to the PCU by the World Bank ESF team. Capacity building for the PCU environmental and social officers on E&S requirements will be ensured, particularly for supervision of and reporting on i) environmental and social implementation and performance; ii) labor and occupational health and safety issues; iii) community health and safety measures (including for protection against communicable diseases, prevention of SEA/SH etc.); iv. implementation of the code of conduct; and v) stakeholder engagement and grievance redress.

E. Implementation

The proposed AF will rely on the existing implementation arrangements under the Parent Project. The PCU at the MoF will coordinate project implementation with the technical implementing entities (MoSD, MoL and the PFESP) and will provide financial management and consolidated reporting for the components, progress monitoring, and procurement. The PCU will be responsible for Monitoring and Evaluation, managing the designated account, submitting withdrawal applications (WAs) to the World Bank, and submitting progress and financial reports. The project coordination function would therefore rely on MoF’s proven capacity in managing and implementing World Bank financed projects. The POM will be revised to reflect the inclusion of Gaza under Component 1 (Emergency Cash Transfers). The POM will further



highlight the eligibility criteria for cash transfers particularly for the poor households not benefiting from the CTP and those affected by the May 2021 conflict in Gaza. The POM will be revised and cleared by the Bank within one month of project effectiveness.

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APPROVAL

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