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Report No: PAD5307

PROJECT APPRAISAL DOCUMENT
ON A PROPOSED GRANT

IN THE AMOUNT OF US$10 MILLION

FROM THE TRUST FUND FOR GAZA AND WEST BANK

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

FOR A

HEALTH SYSTEM EFFICIENCY AND RESILIENCE PROJECT

March 15, 2023

Health, Nutrition & Population Global Practice
Middle East And North Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective as of March 2023)

Currency Unit =	Israeli New Sheqalim (ILS)
ILS 3.67 =	US$1
US$0.27 =	ILS 1

FISCAL YEAR
January 1 - December 31

Regional Vice President:	Ferid Belhaj
Country Director:	Stefan W. Emblad
Acting Regional Director:	Nadir Mohammed
Practice Manager:	Rekha Menon
Task Team Leader(s):	Sherin Varkey, Denizhan Duran

ABBREVIATIONS AND ACRONYMS

AM	Accountability Mechanism
AS	Assistance Strategy
CERC	Contingent Emergency Response Component
CHVA	Climate and Health Vulnerability Assessment
COVID-19	Coronavirus disease 2019
CVD	Cardiovascular disease
DA	Designated Accounts
DFIL	Disbursement and Financial Information Letter
DHIS	District Health Information System
E&S	Environmental and Social
EHSO	Environmental and Health and Safety Officer
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESMF	Environmental and Social Management Framework
FM	Financial Management
GBV	Gender-based violence
GCRF	Global Crisis Response Framework
GDP	Gross Domestic Product
GM	Grievance Mechanisms
GP	General Practitioner
GA	Grant Agreement
GRS	Grievance Redress Service
GSD	General Supplies Department
HbA1c	Hemoglobin A1c
HRH	Human resources for health
HSERP	Health System Efficiency and Resilience Project
HSRSP	Health System Resilience Support Project
IBRD	International Bank for Reconstruction and Development
ICT	Information and communications Technology
ICU	Intensive Care Unit
ILS	Israeli New Sheqalim
IDA	International Development Association
IFR	Interim un-audited Financial Report
IPF	Investment Project Financing
IPSAS	International Public Sector Accounting Standards
IRR	Internal rate of return
LMP	Labor Management Procedures
MENA	Middle East and North Africa
MOF	Ministry of Finance

MSNA	Multi-Sectoral Needs Assessment
NCDs	Noncommunicable diseases
NGO	Non-Governmental Organisation
NPV	Net Present Value
OMR	Outside Medical Referrals
PA	Palestinian Authority
PDO	project development objective
PHC	Primary Health Care
PMOH	Palestinian Ministry of Health
PMU	Project Management Unit
POM	Project Operations Manual
PPSD	Project Procurement Strategy for Development
SAACB	State Audit Administrative Control Bureau
SEA/SH	Sexual exploitation and abuse and sexual harassment
SEP	Stakeholder Engagement Plan
SOP	Series of Projects
STEPS	STEPwise approach to noncommunicable diseases risk factor surveillance
TOR	Terms of Reference
TTP	Transitional Training Program
UNICEF	United Nations International Children's Emergency Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees
WA	Withdrawal Applications
WBG	World Bank Group
WHO	World Health Organization
WHO-PEN	World Health Organization’s Package of Essential Noncommunicable disease interventions

TABLE OF CONTENTS

DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
West Bank and Gaza	Health System Efficiency and Resilience Project	
Project ID	**Financing Instrument**	**Environmental and Social Risk Classification**
P180263	Investment Project Financing	Substantial

Financing & Implementation Modalities

[ ] Multiphase Programmatic Approach (MPA)	[✓] Contingent Emergency Response Component (CERC)
[ ] Series of Projects (SOP)	[✓] Fragile State(s)
[ ] Performance-Based Conditions (PBCs)	[ ] Small State(s)
[ ] Financial Intermediaries (FI)	[ ] Fragile within a non-fragile Country
[ ] Project-Based Guarantee	[✓] Conflict
[ ] Deferred Drawdown	[ ] Responding to Natural or Man-made Disaster
[ ] Alternate Procurement Arrangements (APA)	[ ] Hands-on Enhanced Implementation Support (HEIS)

Expected Approval Date	Expected Closing Date
07-Apr-2023	31-May-2028

Bank/IFC Collaboration

No

Proposed Development Objective(s)

To support the Palestinian Authority in improving the quality, efficiency, and resilience of public health service delivery.

Components

Component Name	Cost (US$, millions)

Component 1: Scaling Up Cost-effective Public Primary Health Care Services	4.00
Component 2: Improving Public Hospitals Service Delivery	5.30
Component 3: Project Implementation and Monitoring	0.70
Component 4: Contingent Emergency Response Component	0.00

Organizations

Borrower:	Ministry of Finance
Implementing Agency:	Ministry of Health

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	10.00
Total Financing	10.00
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	10.00
Special Financing	10.00

Expected Disbursements (in US$, Millions)

WB Fiscal Year	2023	2024	2025	2026	2027	2028
Annual	0.00	3.00	3.00	2.00	2.00	0.00
Cumulative	0.00	3.00	6.00	8.00	10.00	10.00

INSTITUTIONAL DATA

Practice Area (Lead)

Health, Nutrition & Population

Contributing Practice Areas

Climate Change and Disaster Screening

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

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	Substantial
2. Macroeconomic	Substantial
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Moderate
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

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Not Currently Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank's due diligence assessment of the Project's potential environmental and social risks and impacts, please refer to the Project's Appraisal Environmental and Social Review Summary (ESRS).

Legal Covenants

Sections and Description

Schedule 2, Section I.C.1.
The Recipient shall not later than 45 days after the Effective Date, adopt the project operations manual ("Project Operational Manual" or "POM"), satisfactory to the Bank, which shall include the rules, methods, guidelines, standard documents and procedures for the carrying out of the Project.

Sections and Description

Schedule 2, Section I.D.1.
The Recipient shall, no later than November 30 of each calendar year, submit to the Bank an annual work plan and budget for the Project (including Training and Operating Costs) for the subsequent calendar year of the Project.

Sections and Description
The Recipient shall, no later than 30 days after the Effective Date, hire a Health Specialist with terms of reference acceptable to the Bank.

Conditions

Type	Financing source	Description
Effectiveness	Trust Funds	(a) The execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental and corporate action; and (b) The Subsidiary Agreement referred to in Section I.A.1 of Schedule 2 to this Agreement has been executed on behalf of the Recipient and the Palestinian Authority.
Disbursement	Trust Funds	As specified in Schedule 2, Section III.B.1 of the Grant Agreement, no withdrawal shall be made for payments made for: (a) payments made prior to the Signature Date; and (b) for Emergency Expenditures under Category (2), unless and until all of the following conditions have been met in respect of said expenditures: (A) that the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Bank a request to withdraw Grant amounts under Category (2); and (B) the Bank has agreed with such determination, accepted said request and notified the Recipient thereof; and the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Bank.

I. STRATEGIC CONTEXT

A. Country Context

1. **The political context in the West Bank and Gaza remains stagnant and unsettled.** The peace talks between the Palestinians and Israelis remain stalled. The position of the Israeli government formed in December 2022 on key issues has exacerbated the uncertainty regarding future developments. Recurrent escalations of hostilities have increased tensions. Internally, the Palestinian polity still suffers from an internal divide since June 2007. Since then, the Palestinian legislative council has become inactive and legislation has been delivered by Presidential decrees. Attempts at reconciliation and election renewal have not been fruitful to date.

2. **In 2022 the Palestinian economy continued to grow, albeit at a slower rate than in 2021.** Real Gross Domestic Product (GDP) growth in the territories reached 3.6 percent, year-on-year, in 2022 -- down from 7.1 percent in 2021. The continued recovery was driven by increased private consumption due to relaxed COVID-19 restrictions, and an increase in the number of Palestinians working in Israel. Despite this positive trajectory, the economy is yet to rebound to its pre-pandemic level.

3. **Unemployment and poverty rates continued to slowly recede from the 2020 peak but remain high, especially in Gaza.** Unemployment reached 24.4 percent in 2022 in the Palestinian territories. This masks a wide regional divergence with unemployment in the West Bank reaching 13.1 percent while attaining 45.3 percent in Gaza, reflecting the difficult conditions in the Strip caused by the severe movement and access restrictions that have resulted in an almost fully closed economy. Gender and age powerfully affect employment outcomes. Seven out of ten males participated in the labor force in 2022 compared to 2 out of ten females while 53 percent of female and 28 percent of male graduates aged 15-29 were unemployed. World Bank estimates suggest that the share of Palestinians living below the US$6.85 2017 purchasing power parity a day poverty line decreased to a still significant 24.4 percent, or around 1.5 million people, in 2021 after peaking at 26.5 percent in 2020. In Gaza, 80 percent of residents are dependent on international aid.

4. **Despite an increase in revenues, fiscal conditions for the Palestinian Authority (PA) remained tight in 2022 and reforms are vital to support long-term sustainability.** Despite stronger revenues and stable spending, the PA's financing gap after grants and after deductions by Israel from clearance revenues was US$350 million in 2022, or 1.8 percent of GDP. The PA relied on arrears to the private sector, the pension fund, and public employees to make ends meet. Going forward, efforts by all parties are needed to meet pressing needs and reorient toward long-term sustainability. To support a more sustainable fiscal position, the fairness, effectiveness, and efficiency of public spending need to be improved, while prioritizing support to the most vulnerable. Donor commitment in support of the budget and the PA's reform agenda remains critical. Cooperation by Israel is also key for offsetting some of the fiscal leakages suffered by the PA.

5. **Downside risks remain elevated.** A further decline in public consumption may negatively impact growth especially as the PA may resort to further spending cuts if aid levels do not recover. Following the recent election of a new Israeli government, tensions have increased as has uncertainty regarding political and security developments, which could exacerbate macro and fiscal risks. Internal decisions under discussion by the new

Israeli government may negatively impact the Israeli currency and economy which, in turn, could weigh heavily on economic outcomes on the Palestinian side given the strong links between both economies.

B. Sectoral and Institutional Context

Health system context

6. **The Palestinian health system faces unique constraints due to the protracted conflict.** The contextual challenges provide substantial impediments to the ability of the PA to deliver high quality health services to its population.[1] Since the beginning of 2022, there have been 187 attacks on health care in West Bank and Gaza, resulting in 5 deaths and 123 injuries, as well as substantial interruptions to the delivery of essential services.[2] The continuing restrictions on movement and access[3], ongoing fiscal pressures, and ongoing escalations in conflict have weakened the health system and its ability to deliver quality health care services.

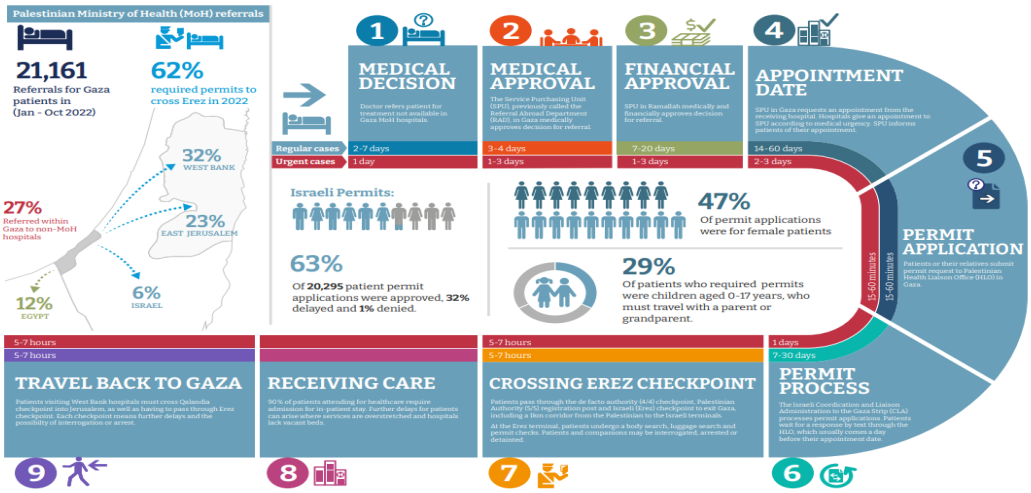
7. **Despite the constraints, the Palestinian health system has succeeded in improving key health indicators; however, the burden of maternal health and non-communicable diseases (NCDs) presents a substantial health and economic burden.** With a life expectancy of 74 and infant mortality rate of 10/1,000 live births, West Bank and Gaza has made significant progress over the years, with maternal, newborn, and child health coverage and outcome at comparable levels with other lower-middle income countries. The maternal mortality ratio of 48 per 100,000 live births is below most comparator countries; however, it has increased substantially since 2017, likely due to COVID-19, when it was at 6/100,000 live births. Seventy-five percent of the disease burden is attributable to NCDs, mainly cancer and cardiovascular conditions. Cancer incidence is high, at 108 per 100,000 population in 2021, with 52.6 percent of cases registered among women and 47.4 percent among men. The most common cancers in 2021 were breast cancer, colorectal cancer, and lung cancer. In 2021, 32 percent of all deaths excluding COVID-19 were due to cardiovascular diseases, 16 percent were due to cancers, and 15 percent were due to diabetes[4]. About a third of population aged 18 to 69 years is exposed to three or more behavioral or biological risk factors contributing to NCD development.[5] The 2022 World Health Organization (WHO) STEPwise approach to NCD risk factor surveillance (STEPS) survey results indicates that prevalence of diabetes mellitus increases with age, and is higher in females, reaching 18.6 percent in age 45-59 (21.1 percent of females and 16 percent of males) and 29.6 percent in age 60-69 (32.5 percent of females and 26.7 percent of males). Cardiovascular disease (CVD) risk factors such as physical inactivity and overweight/obesity are also higher among females.

8. **Access to reliable chronic disease care, particularly for cancers, is one of the most substantial drivers of the disease burden in Gaza.** Given the restrictions on access and movement and limited health system capacity, particularly for cancers, Gaza residents need to seek treatment outside the territory, and face substantial delays

[1] Bouquet B, Muhareb R, Smith R. "It's Not Whatever, Because This Is Where the Problem Starts': Racialized Strategies of Elimination as Determinants of Health in Palestine." Health and Human Rights Journal, Volume 24/2. *https://www.hhrjournal.org/2022/12/its-not-whatever-because-this-is-where-the-problem-starts-racialized-strategies-of-elimination-as-determinants-of-health-in-palestine/*
[2] World Health Organization, Surveillance System for Attacks on Health Care (SSA). *https://extranet.who.int/ssa/Index.aspx*. Retrieved on January 30, 2023.
[3] According to the Government of Israel, these restrictions are for the purpose of enhancing the security of Israel and Israeli citizens.
[4] All West Bank and Gaza-specific health data is from Ministry of Health (2022) Health Annual Report Palestine 2021, available on *www.moh.gov.ps*
[5] Palestine STEPS Survey 2022. Fact Sheet

and deferrals in terms of access to hospitals in West Bank, East Jerusalem, Israel, Egypt, or other countries in the region. A study assessing referral permit applications for radiotherapy and chemotherapy in Gaza from 2015-2017 found that even after adjusting for age, sex, type of procedure and type of cancer, mortality for patients unsuccessful in permit applications was 1.45 times higher than those who had successful permit applications, demonstrating the impact of delays and denials of application in ensuring successful treatment of cancers.[6] According to the WHO, in 2022, 33 percent of the 20,295 exit permit applications for patients requiring outside medical referral (OMR) from Gaza were delayed or denied (35 percent for cancer patients, 47 percent for female patients). In addition, 62 percent of the 26,461 companion permit applications were delayed or denied. Over half of these referrals were for cancer, and 50 percent of Gaza referrals were to the East Jerusalem Hospital Network (EJHN), 18 percent to Israel, and 31 percent to West Bank hospitals. Figure 1 demonstrates the process for patient referrals outside of Gaza. Oncology cases in Gaza are the most impacted by these deferrals and denials, as they require routine ongoing treatment in a given year, and each referral application from Gaza is subject to a lengthy review process by Israeli authorities.[7]

Figure 1: Process for Outside Medical Referrals (OMR) from Gaza, 2022[8]



9. **COVID-19 has caused another shock to the Palestinian health system, with high morbidity and low vaccination rates.** As of March 5, 2023, there has been a total of 704,136 confirmed cases and 5,708 confirmed deaths from the pandemic. Through the second half of 2021, most of the new and active cases were concentrated

[6] Bouquet, B., Barone-Adesi, F., Lafi, M., Quanstrom, K., Riccardi, F., Doctor, H., Shehada, W., Nassar, J., Issawi, S., Daher, M., Rockenschaub, G., Rashidian, A., 2021. Comparative survival of cancer patients requiring Israeli permits to exit Gaza for health care: A retrospective cohort study from 2008 to 2017. PLoS ONE 16, e0251058. https://doi.org/10.1371/journal.pone.0251058

[7] Monthly health access reports published by World Health Organization; latest detailed report from November 2022 *https://www.emro.who.int/images/stories/palestine/Nov_2022_Monthly_1.pdf?ua=1* & Gaza Health Access 2022 report: *https://www.emro.who.int/images/stories/palestine/finalGaza_Health_Access_2022_infographic_002.pdf?ua=1&ua=1*

[8] *https://www.emro.who.int/images/stories/palestine/WHO_infographic_timeline_for_gaza_patient_referrals_2022.pdf?ua=1* Outside medical referrals from West Bank follow a similarly complex process, but with fewer security implications.

in Gaza, highlighting the burden in the conflict-impacted area. As of March 5, 2023, 51 percent of the population has been fully vaccinated,[9]. In 2021, 26 percent of the mortality in West Bank and Gaza was due to COVID-19[10].

10. **Climate change is going to cause an additional burden on the Palestinian health system.** West Bank and Gaza will be significantly affected by climate change risks related to increasing temperatures and heatwaves, variability of rainfall, floods, increased aridity, and drought.[11] Climate variability is likely to compound existing challenges such as water scarcity, extreme heat, wildfires, and landslides. The risk of increased intensity and frequency of heat waves is particularly troubling for vulnerable groups and patients with NCDs, the burden of which has been increasing in West Bank and Gaza. The climate extremes could overwhelm the healthcare system in West Bank and Gaza, especially if it coincides with an eruption of conflict. High temperatures can cause severe adverse health impacts, especially on vulnerable groups such as outdoor laborers and agricultural workers, the elderly, children, and those with cardiovascular diseases. Women are also adversely affected as primary caretakers in this context, since they will need to work harder to secure household livelihoods, leaving them with fewer opportunities to develop skills and work in the formal economy. Exposure to high temperatures has increased by 17 percent between 1990 and 2019, impacting morbidity and mortality from cardiovascular disease, diabetes, and kidney diseases.[12]

11. **Electricity and water shortages affect access to health services, particularly in Gaza.** Interruptions in energy supply due to chronic electricity shortages have created a substantial challenge for the health sector in Gaza, putting lives of the most vulnerable patients at risk. In 2023, electricity supply is expected to cover 39.6 percent of overall demand. Electricity shortages will directly impact intensive care units, in which the bed occupancy rate is 84 percent, as well as on dialysis patients, as 923 patients perform dialysis sessions on 131 machines per month. Hospitals in Gaza rely on backup generators to sustain critical life-saving services when electricity is unavailable from the main electricity grid. Access to safe water is also a challenge, particularly in Gaza. While 94.7 percent of Gaza households use piped water as their main source for domestic purposes, only 3.2 percent of households use it for drinking, indicating that tap water is generally not potable or safe for consumption. Due to weak surveillance capacity in Gaza, the number of cases of water borne diseases attributed to the low quality of water provided by the water network is unknown. The Humanitarian Response Plan 2023 listed Gaza as a priority area and will focus on flood-prone areas, areas with limited access to water, sanitation and hygiene services, and areas exposed to public/environmental health risks.[13]

12. **Significant financing gaps constrain the delivery of essential health services.** General government spending on health constitutes 4 percent of GDP, which is higher than many regional peers. However, 80 percent of this spending is allocated to salaries as well as to OMR, leaving limited space for investments to strengthen essential public service delivery at primary and tertiary levels. Ninety percent of the population in Gaza and 84 percent of the population in West Bank was covered under a health insurance scheme in July 2022; however, due

[9] https://corona.ps/
[10] All West Bank and Gaza-specific health data is from Ministry of Health (2022) Health Annual Report Palestine 2021, available on *www.moh.gov.ps*
[11] The State of Palestine's First Nationally Determined Contributions (NDCs) "Updated Submission" October 2021.
[12] Global burden of 87 risk factors in 204 countries and territories, 1990–2019: a systematic analysis for the Global Burden of Disease Study 2019. *https://doi.org/10.1016/S0140-6736(20)30752-2*.
[13] *https://www.ochaopt.org/content/humanitarian-response-plan-2023*

to fragmented schemes and low levels of effective financial risk protection, 41 percent of current health expenditures are financed by households[14]. The recurrent conflict in Gaza has further amplified financing needs and gaps, with the May 2021 escalation resulting in US$10-15 million in damages, US$15-20 million in losses, and US$30-40 million in recovery and reconstruction needs in the next two years just for the health sector[15]. Essential medical stock-outs pose a substantial burden, with 40 percent of essential medicines stocked out in Gaza, including zero stock items for chemotherapy, blood diseases, maternity, and pediatric services, with monthly needs at around US$2 million.[16] Stock-outs are also a challenge in West Bank, with 91 medications for chronic diseases and 17 percent of all essential medicines out of stock in early 2023.[17]

13. **Humanitarian funding needs remain substantial, and most development partners spending is targeted towards small-scale pilots, or payment of hospital arrears.** Various humanitarian and development partners provide technical and financial assistance to the Palestinian Ministry of Health (PMOH), even as these amounts fluctuate due to changes in the political landscape. The United Nations Office for the Coordination of Humanitarian Affairs coordinates humanitarian funding, and in 2023 it indicated a need of US$46 million for health for 1.1 million vulnerable people in Gaza, communities in Area C, and acutely vulnerable people in East Jerusalem who cannot access health services. This funding focuses primarily on the provision of maternal, newborn, and child health, as well as mental health and psychosocial support services.[18] While there is no unified database on development assistance for health, most of these funds are directed towards payment of arrears, disease-specific interventions, or smaller-scale pilots, resulting in significant funding gaps for supporting health system reform. Through its consistent technical support and financing, the World Bank has been playing a leading role in health system reforms, specifically in the area of improving sustainability of health sector financing by reducing OMR expenditures.

14. **PMOH's National Health Strategy 2021-2023 aims to provide comprehensive health care services for all citizens.** The strategy focuses on the management of communicable diseases and NCDs, response to COVID-19, the reduction of OMR through the nationalization of health services, health system resiliency[19], as well as scaling up family health across all regions to achieve universal health coverage. The strategy has built on the National Strategic Plan for Prevention and Control of NCDs 2017-2022, and seeks to strengthen the implementation of WHO's package of essential noncommunicable disease interventions (WHO-PEN) approach at PMOH primary health care (PHC) centers and strengthen the screening programs for breast cancer, cervical cancer, and colorectal cancer.

[14] Palestinian Central Bureau of Statistics (PCBS). Population, Housing, and Establishments Census, 2017. 32 percent had government insurance, 29 percent had government and UNRWA insurance, about 3 percent had private insurance and the rest had other types of insurance. MSNA 2022 data mirrors these figures.
[15] World Bank, European Union, and the United Nations, June 2021. Gaza Rapid Damage and Needs Assessment. https://documents1.worldbank.org/curated/en/178021624889455367/pdf/Gaza-Rapid-Damage-and-Needs-Assessment.pdf
[16] Palestinian Ministry of Health General Administration of Pharmacy, December 2022
[17] Palestinian Ministry of Health and Palestinian Institute for Public Health, February 2023
[18] United Nations Office for the Coordination of Humanitarian Affairs, Occupied Palestinian Territory. Humanitarian Needs in 2023. *https://www.ochaopt.org/content/humanitarian-needs-overview-and-humanitarian-response-plan-2023-dashboard* and *https://www.ochaopt.org/content/humanitarian-response-plan-2023*
[19] Health system resiliency has multiple dimensions, and is defined as "health system's ability to prepare for, manage (absorb, adapt and transform) and learn from shocks, while maintaining core functions and serving the ongoing and acute care needs of their communities."

15. **Primary prevention approaches for NCDs focus on implementation of laws and public awareness campaigns.** The West Bank and Gaza is not a party to the WHO Framework Convention on Tobacco Control.[20] The Anti-Smoking Law No. 25 of 2005 regulates smoking in public places, tobacco advertising and promotion, tobacco sales, and tobacco packaging and labeling, and provides penalties for violations. Regulations were issued in 2011 to implement the Anti-Smoking Law. There is a ban on direct advertising and some forms of promotion; however, some types of indirect advertising and promotion escape the ban. There are no restrictions on the sale of tobacco products via the internet or small packets of cigarettes. In addition to revision of the tobacco control legislation, the PMOH is working to establish smoking cessation clinics and designing national awareness campaign on the immediate health damage caused by smoking and secondhand smoke exposure. The WHO list of NCD 'Best-buys' has been used by the PMOH in selecting and designing interventions for unhealthy diet reduction—such as the reformulation of food and behavior change communication to reduce population salt intake and the implementation of front-of-pack labelling and targeting school children and teachers to adopt healthy eating habits—and physical activity promotion campaigns.

16. **A substantial contributor to the insolvency of the PA is the health sector, driven mainly by the unsustainable burden of OMR.** While substantial improvements have been made with the governance of OMR, resulting in a reduced rate of expenditure growth over the past decade, OMR continue to constitute about a third of government health spending (US$277 million of US$815 million in 2022), constraining fiscal space to deliver services effectively in public hospitals. Despite this high level of expenditures, the PMOH is not able to pay these private hospitals on time: PMOH debts total $580 million, 60 percent to hospitals (unpaid bills from OMR) and 40 percent on drugs, indicating substantial sustainability constraints. These debts constitute a substantial share of the PA's public debt. The 2021 World Bank report on OMR includes detailed quantitative information on the levels and distribution of OMR, as well as an analysis of the governance-related challenges which constrain the efficiency and equity of NCD case management [21].

Primary health care system context

17. **The Palestinian PHC system faces substantial bottlenecks in reducing the NCD burden due to fragmentation and low quality of services.** PHC access and quality have remained stagnant due to chronic underinvestment over the last decade. PMOH PHC centers are classified in four levels, based on the scope of the services they provide and the levels of human resources for health (HRH) available in the facilities (Table 1).[22] The current PHC structure, characterized by fragmentation, focuses strongly on maternal and child health and communicable diseases services. The NCD services provided in West Bank and Gaza are medically oriented;

[20] *https://www.tobaccocontrollaws.org/legislation/palestine/summary*
[21] Duran et al, 2021. Towards Effective Chronic Case Management: Improving the Efficiency of Outside Medical Referrals in West Bank and Gaza. *https://openknowledge.worldbank.org/handle/10986/37264*
[22] According to the PMOH guidelines, there are four levels of PHC facilities:
Level 1: preventive services: mother and child health care, immunization and health education & curative services: first aid.
Level 2: preventive services: Mother and child health care, immunization and health education & curative services: General Practice (GP) medical care, Laboratory (in some clinics).
Level 3: preventive services**:** Mother and child health care, immunization, family planning and health education & curative services: GP medical care, dental health care, medical specialist laboratory, some specialized clinics
Level 4: preventive services: Mother and child health care, immunization, family planning and health education & curative services & curative services: GP medical care, dental health care, gynecology, obstetrics, laboratory, radiology, emergency medical services, and other specialized clinics

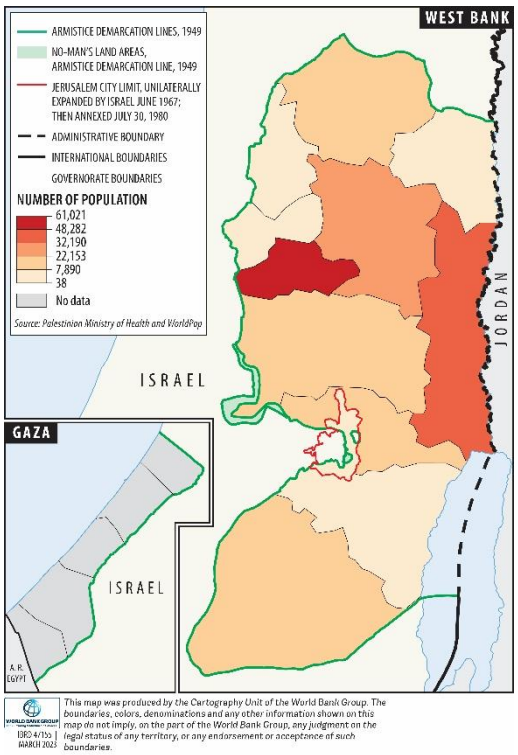
curative rather than preventive. Non-pharmaceutical interventions, such as counselling, lifestyle changes and other aspects of primary prevention, are not given priority. There are constant supply challenges related to essential medicines and equipment, particularly for NCD, and there is limited monitoring to ensure the prescribed medications and testing are aligned with the established treatment protocols. Effective management and control of chronic diseases require a more comprehensive and continuous approach to service provision, with the availability of trained health care providers, which has been partly implemented through the roll out of the WHO-PEN package of essential NCD interventions for PHC.

Table 1: Distribution of PMOH PHC centers by level, 2021

Location	Level 1 Centers	Level 2 Centers	Level 3 Centers	Level 4 Centers	Mobile Clinics	Total
West Bank	67	229	120	19	4	439
Gaza	0	0	33	19	0	52
Total	67	229	153	38	4	491

18. **There are substantial inequalities in access to comprehensive PHC services within and across the West Bank and Gaza, particularly for NCD.** A geospatial mapping and health service access analysis undertaken by the World Bank poverty and health teams demonstrates that there are substantial inequalities in accessing comprehensive (levels 3 and 4) PHC facilities across governorates. The analysis includes data on the location of checkpoints and movement restrictions to account for physical access barriers to PHC facilities. While almost the entirety of the population in East Jerusalem or Hebron lives within a 30 minute drive of a comprehensive PHC center, the rate goes down to 31 percent in Salfit, 53 percent in Jericho, and 82 percent in Tubas (figure 2). A total of almost 250,000 (or almost 10 percent of the population in West Bank) Palestinians live outside of a 30-minute drive of a comprehensive PHC. Access to PHC is substantially higher in Gaza given the facility density as well as lack of movement restrictions within the strip, and Gaza is therefore excluded from this analysis. This demonstrates the need to target investments specific to PHC within the West Bank. A lack of medical equipment at public PHC centers impedes provision of integrated chronic care for NCD, particularly for diabetes, hypertension, and breast cancer.

Figure 2: Population living outside 30-minute travel distance from level 3 and 4 PHC facilities, per governorate



19. **Lack of medical equipment at public PHC centers impedes provision of integrated chronic care for NCD, particularly for diabetes, hypertension, and breast cancer.** Most public PHC centers lack basic equipment and fail to reach the minimum threshold of the WHO-PEN standards; the basic equipment recommended by the WHO-PEN is partially missing in majority of the centers. Lack of essential laboratory services for NCDs constitute a long-term barrier hindering service provision, particularly for patients with diabetes. Due to shortages in drug and laboratory supplies, faulty diagnostic equipment, long waiting lists and poor quality of services, many patients with NCDs seek services at the private sector.[23] As a result, a recent study in the West Bank showed that 55 percent of the patients with diabetes were uncontrolled, while full adherence to medication was reported by about 60 percent of the patients.[24] Though complications of diabetes represent 12 percent of all deaths, screening for diabetes complications is limited to level 4 PHC centers and not easily accessible for patients from rural areas. About one half of hypertension cases goes undetected, with no significant gender differences.[25] Access to screening services for breast cancer, which is the leading cancer for women in West Bank and Gaza, is limited by the availability of equipment. When the free mammography screening services started in 2008, there were 14

[23] Imam A, Hamadan M, Al Bayoumi N, Dajani K and Abu Hamad B. 2021. Assessing barriers to NCD services in the current Covid-19 context, for adults with chronic conditions in vulnerable rural communities in the occupied Palestinian territory. Al-Quds University, John Hopkins University, and the World Health Organization.
[24] Khdour M, Awadallah H, and Al-Hamed D. 2020. Treatment satisfaction and quality of life among type 2 diabetes patients: a cross-sectional study in West Bank, Palestine. Journal of Diabetes Research, 1834534.
[25] NCD-RisC (NCD Risk Factor Collaboration). 2021. "Worldwide Trends in Hypertension Prevalence and Progress in Treatment and Control from 1990 to 2019: A Pooled Analysis of 1201 Population-representative Studies with 104 Million Participants." Lancet 398 (10304): 957-80.

mammography facilities in the West Bank.[26] A substantial gap is evident between the number of women targeted for the screening (about 225,000 mammography exams annually in West Bank) and those reported as actually being screened (about 5,800 in West Bank in 2021).

20. **Strengthening the Palestinian PHC system through a family health care approach is underway, requiring scaled up health worker training.** A family health care approach, in which the population is mapped and registered to a specific center providing a wide range of services for the whole family ranging from preventive to curative services, has the potential to improve integrated delivery of services. This approach also ensures referrals and counter-referrals across public PHC and hospitals, through an integrated information system including detailed patient medical records[27]. The family health care approach has been introduced in 118 clinics in the West Bank and 2 clinics in Gaza, with support of several development partners including the World Bank's Health System Resilience Support Project (P150481) which closed in 2022. In addition, all 65 United Nations Relief and Works Agency for Palestine Refugees' (UNRWA) PHC facilities in the West Bank and Gaza deliver family health services. The main bottleneck to the effective implementation of family health care services is limited health workforce: only 35 licensed family medicine specialists are employed in government and private PHC facilities; the PMOH is in the process of scaling up training. Several training options are available for family health care practitioners: (i) short orientation courses to introduce family practice, (ii) six-month online Transitional Training Program (TTP), (iii) one-year diploma courses in family medicine, and (iv) four-year family residency program, provided by the An-Najah National University, which has a limited capacity for annual intake of up to 25 new residents. Family medicine residents are currently financing the academic part of the residency program by themselves. This impacts retention of family medicine specialists in PMOH PHC centers, as there are no financial consequences for the specialists leaving the facilities immediately after completion of the residency. The scaling up of the training is contingent upon assuring attractiveness and affordability of the family medicine residency program to the doctors and improving competencies of the staff who provide the TTP, supported by other development partners. A broader evaluation of development of family health care is under way.[28]

21. **Electronic family health records in public PHC centers are implemented only in some districts, fragmented, and not interoperable with the hospital information system.** The recently adopted National eHealth Strategy 2022-2028 and National eHealth Action Plan 2022-2028 envision comprehensive, efficient, and accessible digital health services that contribute to high-quality health services and promote health and well-being for all people. The family health electronic file for each patient is one of the main planned initiatives and an important component of unified electronic patients' record and different eHealth applications. Further work is needed to scale up and integrate information systems.

22. **There is no integrated, digital system for tracking pharmaceutical and medical supply stock-outs at public health facilities.** Supply of all health commodities is managed through a single PMOH's unified system, based on Oracle system. Due to frequent system failure, users do not have the confidence to stop using the paper-

[26] World Health Organization, Palestinian Ministry of Health, and the Palestinian National Institute of Public Health. 2021. Mammography screening data: Review and analysis, West Bank, 2016-2020.
[27] This includes socio demographic profile, health history, child health, as well as immunization, child growth chart, NCD information, in addition to the lab, radiology, and pharmacy services
[28] Inception report: Evaluation of the development of Family Health Care in the West Bank Palestine 2012-2021 and contributions made by the Foundation for Family Medicine in Palestine (FFMP) and Medical Aid for Palestinians (MAP). September 2022.

based system as they cannot rely solely on the logistic management information systems.[29] The current system can track dispensing of the drugs from central warehouse to PHC centers, but it is not intended for stock management use in pharmacies within PHC centers.

Hospital context

23. **Hospital capacity in West Bank is insufficient, and the population in Gaza faces unique access challenges to tertiary care.** There are 1.4 hospital beds per 1,000 population in the West Bank and Gaza, which is substantially lower than the Middle East and North Africa (MENA) average and the internationally recommended rate of 1.8 beds per 1,000 population. The recently completed hospital master plan, which currently only covers the West Bank[30], points to the substantial insufficiency of hospital capacity and its unequal distribution, with half of the governorates below average, including the populous governorates of Hebron and Jenin. The unequal distribution poses a particular challenge, given the movement restrictions and other conflict-related access challenges. The master plan indicates a shortage of 1,923 hospital beds and 50 Intensive Care Unit (ICU) beds in the West Bank, and points to the need to scale up hospital beds and other corresponding infrastructure, particularly for five domains: i) cardiovascular diseases, ii) kidney diseases, iii) maternal, newborn and child health conditions, iv) intensive care units, and v) cancer services. While the master plan does not yet cover Gaza, evidence points to the substantial burden of cancer and cardiovascular conditions, where challenges with access to OMR due to exit permits worsen health outcomes. HRH capacity is another binding constraint, with substantial shortages in terms of specialists delivering oncology and cardiology services, particularly in Gaza.

24. **Due to the limited availability of health services in West Bank and Gaza, many NCD cases are referred to private hospitals in East Jerusalem, West Bank, Gaza, Israel, or Egypt.** Since 2015, almost 90,000 cases a year have been referred from public health centers or hospitals to private hospitals within or outside of West Bank and Gaza, resulting in an annual average financial burden of about ILS 850 million (almost US$250 million), or a third of total PMOH health expenditures. These referrals, also called outside medical referrals (OMR), are driven by the unavailability of services in public facilities, which can be due to the lack of drugs and medical supplies, lack of medical equipment, or lack of specialized human resources. Since 2014, the growth rate of OMR has declined, with the gradual introduction of clinical guidelines, price controls through negotiations with private providers, improvements in the physical and human resource capacity of public hospitals, and a more proactive management of OMR cases.[31] The reduction of OMR continues to be a top policy priority for the PMOH, due to access and sustainability issues. From an access point of view, as described under the health system context section, over a third of OMR are delayed or denied, resulting in substantial interruptions to care for these chronic conditions requiring routine procedures. From a sustainability perspective, in addition to the burden on the limited PMOH budget, the conditions have a much higher unit cost than if they were to be delivered in public facilities. Further, even as OMR to Israel have reduced substantially over the past five years, they still constitute 5 percent of OMR volumes but 25 percent of OMR expenditures. There is substantial opacity with regard to the unit costs for OMR to Israel, as the expenditures for them are automatically deducted from Palestinian customs revenues.

[29] John Snow Inc., HELP Logistics AG and UNICEF. 2021. Palestine Supply Chain Assessment: An assessment of logistic management information systems for health commodities.
[30] PMOH, Hospital Master Plan, 2022. The plan is in the process finalization and will also include Gaza in the coming months.
[31] Duran et al, 2021. Towards Effective Chronic Case Management: Improving the Efficiency of Outside Medical Referrals in West Bank and Gaza. *https://openknowledge.worldbank.org/handle/10986/37264*

25. **Cancers are the most substantial driver of OMR in the West Bank and Gaza.** Constituting the second cause of mortality after cardiovascular conditions, cancers constituted 40 percent of total referral expenditures between 2020-2022, followed by cardiovascular (18 percent), maternal, neonatal, and child health conditions (6 percent). Despite the impact of COVID-19, referrals for cancers continued to increase even during the pandemic, with breast cancers constituting the highest OMR expenditures and overall cancer burden, followed by lung and colorectal cancers. Cancer referrals are driven by the unavailability of diagnosis and treatment equipment, such as immunostain devices; high rates of chemotherapy stockouts; unavailability of radiotherapy in Gaza; and the lack of specialists at public hospitals in West Bank and Gaza. Cancer referrals also have the highest unit cost, and 50 percent of all OMR to Israel were for cancers even though most cancer OMR are managed in hospitals in East Jerusalem, West Bank, and Gaza, by volume. Cancers constitute 54 percent of OMR expenditures from Gaza, which is likely an underestimate of the total need given the fact that many exit permits are delayed or denied. Almost 50 percent of these referrals are due to lack of radiotherapy, which is currently only available in Augusta Victoria Hospital in East Jerusalem. Recently, a proposal has been completed to establish radiotherapy services in Gaza to reduce referrals related to radiotherapy[32]**.** This five-year proposal is aligned with PMOH priorities and includes three domains: (i) purchase and installation of two radiotherapy units through the building of needed infrastructure and the procurement of the required equipment and supplies, (ii) capacity building of staff to operate respective units, introducing and upholding standards of quality for effective and patient-centered radiotherapy services, and (iii) strengthened governance of oncology services including operations and logistical support. Introduction of radiotherapy in Gaza would not only result in improved access in Gaza, but also contribute to reducing the burden in Augusta Victoria Hospital, which is the main private hospital in East Jerusalem providing specialized cancer treatment services for the Palestinian population in both the West Bank and Gaza.

26. **There is a population-based cancer registry in West Bank and one in Gaza, but the two registries need to be integrated.** The CanReg5[33]—an open-source tool developed by the International Agency for Research on Cancer to input, store, check, and analyze population-based cancer registry data—is used in West Bank for cancer data registration. In addition to the Palestinian Health Information Center, the tool was installed in three hospitals (Al-Watani, AN-Najah, and Beit Jala pediatric cancer department). The PMOH intends to continue modifying the tool, as needed, and to expand use of the CanReg5 to three more hospitals in West Bank. Cancer data registration in Gaza has been based on an Excel data sheet. The electronic patient medical file has recently been established in Gaza, with the cancer patient file as a pilot currently available only for outpatients at one hospital for cancer patients in Gaza. Having the population cancer registry based on a single tool in both the West Bank and Gaza could facilitate cancer patient data integration and analysis.

27. **Cardiovascular diseases (18 percent of OMR expenditures) and maternal, neonatal and child health conditions (6 percent) were the second and third highest drivers of OMR between 2020-2022, due to both primary care and hospital capacity constraints.** Most cardiovascular OMR are due to inadequate capacity for specialized cardiac care, especially trained staff for performing cardiac catheterization and stenting. The majority of maternal, neonatal, and child health referrals are due to the lack of incubators or delivery beds in PMOH hospitals: according to the latest hospital master plan, over 500 incubators and 70 delivery beds are needed in the West Bank to reduce the number of OMR.

[32] WHO. Establishment of Radiotherapy services in Gaza
[33] http://www.iacr.com.fr/index.php?option=com_content&view=article&id=9:canreg5&catid=68&Itemid=445

28. **HRH is inequitably distributed across hospitals, with an overall insufficient level.** Most physicians in the West Bank and Gaza are based in hospitals, and the number of physicians per 1,000 is at 1.34, which is similar to countries in the region but below the lower-middle income country average. (1.4 for West Bank and 1.25 for Gaza). The nurse-to-physician ratio is 1.31 is at the lower end of comparators (average of 2:1 globally) and prohibits high-quality service delivery. There are also regional inequalities[34] because of many contributing factors, including the lack of a national policy on planning, staffing, and retention; the inability of inter-regional redistribution of workforce without well-defined staffing norms; and lack of financial incentives, lack of sanctions and weak employment packages reducing the availability of staff in public hospitals even as dual practice is banned.

C. Relevance to Higher Level Objectives

29. **The proposed project is aligned with the West Bank and Gaza Assistance Strategy (AS) for FY22-25 (Report No. 156451-GZ), the World Bank Group's enlarged MENA Regional Strategy (March 2019) and Global Crisis Response Framework (GCRF).** The project directly contributes to the first focus area of the AS on achieving better human development outcomes by focusing prioritizing investments in health to promote human capital, particularly in a fragility, conflict and violence context and on achieving better human development outcomes and strengthening resilience across the health system[35]. It is also aligned with the World Bank Group (WBG) enlarged MENA Regional Strategy which emphasizes human capital development as well as the World Bank Group Goals to end extreme poverty and promote shared prosperity. The project is also aligned with the Pillar 4 of the GCRF (Strengthening Policies, Institutions and Investments for Rebuilding Better) as it seeks to increase the resilience of self-construction against climate-induced risks through improving the capacity of service delivery at all levels, improving access to scaled up services across the West Bank and Gaza, which would enable the health system to ensure continued access to quality services despite the system's vulnerability to shocks.

30. **The project is aligned with the World Bank Health, Nutrition and Population strategy, which features the strengthening of well-organized and sustainable health systems as a key strategic direction**.[36] Additionally, the project is in line with the transformative changes in PHC recommended in the World Bank publication on, 'Walking the Talk: Reimagining Primary Health Care After COVID-19'[37]. The Regional Strategy specifically calls for focusing on fundamentals through building resilience to shocks and strengthening health systems as part of the enlarged strategy. Finally, the proposed project is also aligned with the National Health Strategy (2021-2023) and the Palestinian National Development Plan (2021-2023)—the National Policy #27 "Providing Quality Health Care Services for All" and the National Policy #28 "Improving Citizens' Health and Well-Being"—which centers on developing human capital as part of its core strategy

31. **The project also contributes to the achievement of the objectives set forth in the WBG 2016-2023 gender strategy (report no. 102114).** Increasing use of health services in PHC and hospital levels in the Palestinian

[34] Palestinian National Institute for Public Health, Human Resources for Health Observatory, 2022
[35] https://documents1.worldbank.org/curated/en/627701619710823261/pdf/West-Bank-and-Gaza-Country-Assistance-Strategy-for-the-Period-FY22-25.pdf
[36] *https://documents1.worldbank.org/curated/en/102281468140385647/pdf/409280PAPER0He101OFFICIAL0USE0ONLY1.pdf*
[37] Barış, Enis; Silverman, Rachel; Wang, Huihui; Zhao, Feng; Pate, Muhammad Ali. 2021. Walking the Talk: Reimagining Primary Health Care After COVID-19. World Bank, Washington, DC. © World Bank. https://openknowledge.worldbank.org/handle/10986/35842 License: CC BY 3.0 IGO.

territories and strengthening the availability of medical equipment for priority maternal health conditions, including mammograms, will have a particularly positive impact on women.

II. PROJECT DESCRIPTION

A. Project Development Objective

Project Development Objective (PDO) Statement

To support the Palestinian Authority in improving the quality, efficiency, and resilience of public health service delivery.

PDO Level Indicators

32. The achievement of the PDO will be measured against the following proposed key results:

Table 2: Expected outcomes and proposed results indicators

Expected outcome	Proposed results indicator
PDO: Improving the quality, efficiency, and resilience of public health service delivery	**PDO indicators** • Percentage of diabetes patients with good glycemic control (quality), *from baseline of 23 percent to 50 percent.* • Average growth rate of total OMR expenditures in the preceding 3 years for conditions targeted by the project (efficiency), *from a baseline of 16 percent to a reduction of 8 percent.* • System for monitoring stock outs of essential NCD medicines in place in public PHC centers (resilience), *from a baseline of 'no system' to an end target of the implementation of a system.*
Component 1: Scaling up of cost-effective public primary health care services	**Intermediate Indicators** • Percentage of public PHC centers using the unified electronic patient records. • Proportion of level 3 and level 4 public PHC centers equipped with essential equipment for NCD services as per national standards. • Number of health staff trained in family health care practice. • Percentage of patients with diabetes who are routinely monitored in public PHC facilities. [38] • Annual number of women undergoing mammography examination.
Component 2: Improving public hospital service delivery	**Intermediate Indicators** • Number of public hospitals with expanded cancer detection and management capacity expanded in high-need areas*. • Number of public hospitals with expanded cardiovascular disease. detection and management capacity expanded in high-need areas. • Number of public hospitals strengthened with equipment to deliver maternal, newborn, and child health services in high-need areas.

[38] Routine monitoring entails measurement of HbA1c at a public PHC center at least once in last 12 months, as well as its recording in the patient electronic medical records.

	• Percentage of patients that are satisfied with service availability at hospitals targeted by the project.

**As defined further in the next section, high-need areas will be defined during implementation on the basis of geographic access, potential to reduce OMR costs, and availability of operating capacity.*

B. Project Components

33. **Building on the success and lessons learned of the Health System Resiliency Strengthening Project (HSRSP) as well as the COVID-19 Emergency Response Project, the project will strengthen the quality, efficiency, and resilience of health service delivery.** The Health System Efficiency and Resilience Project (HSERP) builds on the successes and lessons of the HSRSP. The Project total financing of US$10 million, funded from the Trust Fund for Gaza and the West Bank, using the Investment Project Financing (IPF) modality, will be implemented over five years. Proposed investments are balanced as a function of priorities across medical equipment and cross-cutting systems strengthening to reach the intended objectives, through strengthening the three following outcomes of the health system:

i. **Access to high quality care** through targeted investments to scale up PMOH reform priorities at PHC and hospital levels, especially with a focus on fostering integration of services for NCD, a patient-centered approach, improved health information systems and decision-making.

ii. **Improved efficiency of health services** through a focus on the delivery of cost-effective PHC services, and improved technical efficiency of hospital services through reducing the reliance away from costly OMR towards the provision of lower-cost services at public hospitals; and

iii. **Strengthened resilience of health service delivery** through improving the capacity of service delivery at all levels, improving access to scaled up services across the West Bank and Gaza, which would enable the health system to ensure continued access to quality services despite the system's vulnerability to shocks.

34. **Component 1: Scaling up cost-effective public primary health care services (estimated cost US$4.00 million).** This component will increase the availability and quality of public PHC services. It will contribute towards building resilience by ensuring availability of quality PHC services across the West Bank, where movement restrictions, the political and the fiscal context often threaten reliable access to health services. Since PHC has been established to be the most inclusive, equitable, cost-effective, and efficient approach to enhance population health, this component will also improve efficiency given the scale-up of preventive care for NCDs, enabling the reduction of expenditures for costlier treatment interventions. This component will also improve the diagnosis and prevention of NCDs and their associated complications, which can be exacerbated by extreme climate, especially heatwaves. Patients with hypertension are in the risk group during heat waves and vulnerable to climate change. The following two subcomponents will be a part of this project:

35. **Subcomponent 1.1. Delivery of NCD prevention and control services through public primary health care centers (estimated cost US$2.20 million).** The subcomponent will improve access to services provided by PHC centers, particularly through an increase in the number of PMOH PHC centers that are fully equipped to provide NCD prevention and control services or respond to variations in service demand caused by climate changes. It will

address the equipment gaps by supporting procurement of energy efficient equipment, according to PMOH standard lists of equipment for PHC centers, particularly for the provision of WHO-PEN standard package of essential NCD interventions for primary health care system in low-resource settings in coordination with other development partners. The equipment support will prioritize hypertension and diabetes screening, diagnosis and monitoring, including the procurement of hemoglobin A1c (HbA1c) analyzers for level 3 health centers. Additionally, the procurement and installation of digital mammography machines will be supported at level 4 PHC centers in the West Bank, including the training of health workers following installation. Other priority medical equipment needs, such as mobile ultrasound machines, autoclaves, beds, and patient preventive screening and care, air-conditioning, and laboratory equipment, will also be provided to ensure the delivery of the package of essential NCD interventions. Finally, this subcomponent will also develop and implement communication and screening promotion campaigns for the most prevalent NCDs. The campaigns will also include some key messages to patients with NCDs on mitigating the heatwaves risks.

36. **The selection of PHC facilities for equipment purchases will be based on three criteria**: (i) availability of existing infrastructure for provision of the comprehensive package of public PHC services; (ii) availability (current or potential) of required human resources and; (iii) ability to ensure comprehensive service delivery to a large population with unmet need. Considering that UNRWA, NGO and private sector clinics account for about 70 percent of PHC centers that provide PHC services to the Gaza population, this subcomponent will focus its support to improving the PHC services in West Bank. A recent mapping exercise undertaken by the World Bank health and poverty teams has shown that the governorates of Jericho and Jordan Valley, Tubas, Salfit, and Qalqilya are underserved in terms of PHC centers to population ratio, as well as in terms of access to comprehensive PHC services. The selection of PHC facilities will also be informed by the climate vulnerabilities identified by the ongoing Climate and Health Vulnerability Assessment (CHVA) exercise, though the existing data indicate that the governorates of Jericho and Jordan Valley and Tubas are exposed to the higher risk of water scarcity and river floods.

37. **Subcomponent 1.2. Strengthening information systems and quality of PHC (estimated cost US$1.80 million).** Improving the quality of PHC services is vital to improve NCD outcomes and build health system resiliency. The quality of PHC services is also influenced by the quality and timeliness of information available. Building on the family practice module and unified electronic health records development under the HSRSP and in alignment with the National eHealth Strategy 2022-2028, this subcomponent will support the further strengthening of PHC information systems. It will also support PMOH efforts in scaling up family health care model across the West Bank and Gaza. The subcomponent will finance equipment, technical assistance, and training supporting improvement of the information system and quality of PHC service delivery in public facilities, while focusing on the following areas:

- **Strengthening existing PHC information system by scaling up integrated electronic patient records.** The scale up of electronic patient records will enable integrated delivery of health services and continuity across levels of care including referral linkages with hospitals and interoperability with other providers of PHC services, while applying best international practices in personal data protection. This will include (i) provision of hardware, networking, and telecommunication equipment, (ii) technical assistance for software upgrade to strengthen pharmacy module and develop dashboards with quality indicators to enable the routine monitoring of stock-outs of essential medicines at PHC, (iii) technical assistance for development on

interoperability applications, required to ensure integration between the information systems in public PHC centers and hospital information system (Avicenna), and (iv) training and implementation support.

- **Strengthening the system for monitoring quality of NCD services at primary health care level**. This will include (i) development of a system of continuous quality monitoring using dashboards for regular updates on quality indicators, with a strong focus on NCD prevention and control, and (ii) strengthening capacities for using the quality indicators in continuous quality improvement processes and evidence-based decision-making.

- **Support the scale up of the family health care model**. The project will finance the training of doctors and nurses in family health care. This will include (i) strengthening of clinical competencies of mentors involved in delivery of the family health care TTP, including area of mental health in PHC and (ii) provision of support to the delivery of the academic part of the residency program to 2022 and 2023 cohorts of family medicine residents, thus assuring retention of the residents in the PMOH PHC facilities after completion of the family medicine specialization. The training content on mental health in the Family health trainings will be closely coordinated with the ongoing psychosocial support interventions rolled out by the World Bank financed Improving Early Childhood Development Project (P168295). The training content will also be strengthened to include climate related health risks identified by CHVA.

38. **Component 2: Improving public hospital service delivery (estimated cost US$5.3 million).** Substantial investments are needed to improve public hospital capacity in the West Bank and Gaza, and this component will complement PMOH efforts in doing so. Due to the substantial needs and limited resources, planned investments under the two subcomponents are prioritized on the basis of the following three criteria to result in increased resilience and efficiency: (i) geographic access**:** Given the movement restrictions and the political context, substantial infrastructure investments are needed to improve the resilience of the tertiary care system in the West Bank and Gaza; (ii) potential to reduce OMR costs**:** Conditions which constitute the largest total and unit costs of OMR will be targeted for medical equipment and capacity strengthening investments; and (iii) availability of operating capacity: Given the limited resources under this component, investments will be further prioritized on the basis of conditions for which there is sufficient physical and human resource capacity to absorb the medical equipment investments. This will ensure improved service availability and full utilization of existing health workforce capacity.

39. **On the basis of the three aforementioned factors, investments in Gaza, particularly on expanding radiotherapy, will be prioritized within this component, with the remaining resources to be allocated into priority investments reducing the OMR burden in the West Bank.** As indicated in the health system context section, access and movement restrictions within the territories substantially jeopardize timely access to care, in particular for cancer treatment in Gaza due to the lack of specialized radiotherapy services, as well as the substantial delay and rejection rate of referral applications. Therefore, the purchase of medical equipment under this component will particularly focus on improving cancer treatment capacity in Gaza, targeting almost half of all OMR out of Gaza. In addition, targeted medical equipment purchases will contribute to reduced referrals in the West Bank for maternal and newborn health, cancers and cardiovascular conditions. It is important to note that reduced referrals from Gaza will ensure continued access for patients and will also relieve the excess patient load

and capacity constraints faced by hospitals of the EJHN. Investments under this component will also strengthen the resiliency of the health system against climate change: high air temperatures and heat extremes are associated with a large burden of cardiovascular disease[39], and the project will enhance the capacity of the PMOH to provide care for cardiovascular disease in vulnerable groups such as the elderly and people with pre-existing health conditions.

40. **Subcomponent 2.1: Purchasing of medical equipment to expand hospital capacity in high-need areas (estimated cost US$4.75 million)**. Given the aforementioned rationale, the subcomponent will finance the following purchases of medical equipment. The technical specifications will include requirement of energy efficiency. Costs of equipment are subject to change during the procurement process and are presented to demonstrate an indicative overview of resource allocation across domains and geographies.

- **Procurement of radiotherapy equipment in Gaza.** Given the lack of radiotherapy services in Gaza, there is currently a multi-stakeholder initiative, through a US$12 million plan. This plan seeks to set up radiotherapy services in Gaza, and the HSERP will support the procurement of critical equipment for radiotherapy, including linear accelerator, with other development partners financing other aspects of the plan. Prior to the installation of the linear accelerator equipment, a range of criteria will be ensured, including but not limited to the following: a) completion of building and other civil works as per national and international (WHO, International Atomic Energy Agency, World Bank Environmental and Social Framework) standards; b) completion of pre-installation requirements on the basis of WHO, International Atomic Energy Agency, and manufacturer guidelines; c) training of health workers and maintenance workers on the treatment, patient care, use and maintenance of linear accelerators; and d) updating and implementation of radiation protection, worker and patient safety, and waste management plans pertaining to the installation and operation of linear accelerators.

- **Procurement of medical equipment for chronic disease management in West Bank.** The purchase of equipment for chronic disease management, inter alia, two immunostaining devices in the West Bank[40] would close a substantial gap in availability of cancer diagnosis and treatment, and result in a substantial reduction in referral of cancers. Currently, about 25 percent of breast cancer referrals is due to the lack of this medical equipment.

- **Procurement of medical equipment for maternal and newborn care for West Bank hospitals**. The purchase of medical equipment for maternal and newborn care for West Bank hospitals will help address the gaps in care for maternal and neonatal complications. In line with the recently completed hospital master plan, there is a gap of about 350 incubators and about 400 delivery beds in the West Bank; the project will help close these gaps and reduce the need for referrals. Geographical distribution of equipment, including incubators and delivery beds will be determined during project implementation on the basis of the most pressing needs, and will likely focus on the governorates of Hebron, Jenin, and Ramallah which currently have the highest

[39] https://www.escardio.org/Journals/E-Journal-of-Cardiology-Practice/Volume-22/climate-change-and-cardiovascular-disease-the-impact-of-heat-and-heat-health-a#:~:text=Recent%20evidence%20indicates%20that%20heat,growth%20and%20ageing%2C%20and%20urbanisation.
[40] Given movement restrictions, one of the equipment would be in the north and the other would be in the south.

shortage of incubators as well as delivery beds. Extreme heat is known to contribute to maternal and newborn complications and extend the duration of hospitalizations. This subcomponent will help building climate resilience in WBG through its support for hospital care for vulnerable population: mothers and infants.

41. **Subcomponent 2.2: Strengthening management and quality of care in hospitals (estimated cost US$0.55 million).** While the procurement of medical equipment is necessary to ensure delivery of high-quality services and improve access, it is not sufficient. This subcomponent will finance targeted investments and capacity building activities aiming at strengthening health workforce competency, improving integration of population-based cancer registries, and improving management of hospitals. Based on the aforementioned criteria and current needs, the following domains were determined as the most significant priority investments:

- **Purchase of hardware and software along with training to strengthen eReferrals database and links between eReferrals and the financial accounting system (Bisan):** Building on the progress made with the previous HSRSP, investments under this component will ensure the continuity of health information systems to ensure effective tracking of OMR and insurance revenues, billing of services, ensuring backups of OMR data, strengthening financial module for eReferrals, as well as integration between the different information systems. The investments under this component will be in complementarity to the investments completed under the Public Financial Management Improvement project (P177742). Investments under this component will particularly focus on strengthening system design and conducting trainings to improve data quality.

- **Health worker training for cardiovascular conditions:** While there is medical equipment and sufficient staff for the delivery of various cardiovascular interventions, lack of training for specialists, especially for cardiac catheterization, is a significant bottleneck resulting in a high level of cardiovascular referrals. The training of cardiovascular specialists will result in a reduced burden of OMR and improve the availability of service delivery in public hospitals in the West Bank.

- **Continued capacity building on hospital quality improvements, cancer registration, and referrals:** This subcomponent will also provide continued capacity building for the PMOH through targeted studies and interventions, with a focus on assessing needs for hospital services, and strengthening the PMOH Services Purchasing Unit to continue efforts in reducing the burden of OMR, with a focus on contracting, audits, and strengthening public-private partnerships. Further, it will support training in use of the cancer registry for focal points in PMOH, hospitals in Gaza and in additional hospitals in the West Bank. Investments will also target the integration of the currently fragmented cancer registries between the West Bank and Gaza. This will all ensure impact of the HSERP beyond its lifespan.

42. **Component 3: Project Implementation and Monitoring (estimated cost US$0.7 million).** This component will finance necessary human resources and running costs for the Project Management Unit (PMU) at the PMOH, including: (i) staffing, (ii) data collection, aggregation and periodic reporting on the project's implementation progress; (iii) monitoring of the project's key performance indicators; and (iv) overall project operating costs, audit costs and monitoring and compliance with the Environmental and Social Commitment Plan (ESCP). While the PMU has substantial experience implementing current and past World Bank projects, it will be further capacitated with the recruitment of a designated Health Specialist, who will provide technical support for the implementation of activities in both the West Bank and Gaza, as well as ensure effective monitoring and evaluation.

43. **Component 4: Contingent Emergency Response Component (CERC) (US$0.0 million).** This component will improve the PA's ability to respond effectively in the event of an emergency in line with World Bank procedures on disaster prevention and preparedness. Following an eligible crisis or emergency, the Recipient may request the Bank to re-allocate project funds to support emergency response and reconstruction. This component would draw from other project components to cover the emergency response. To facilitate a rapid response, in case the CERC is activated, the restructuring of the project is deferred to within three months after the CERC is activated.

44. **A "CERC Manual" will be prepared as part of the Project Operational Manual (POM).** Triggers for the CERC will be clearly outlined in the CERC Manual acceptable to the World Bank. An Emergency Action Plan will be prepared and adopted in form and substance acceptable to the World Bank. Disbursements will be made against an approved list of goods, works, and services required to support crisis mitigation, response and recovery. All expenditures under this activity will be appraised, reviewed, and found to be acceptable to the World Bank before any disbursement is made.

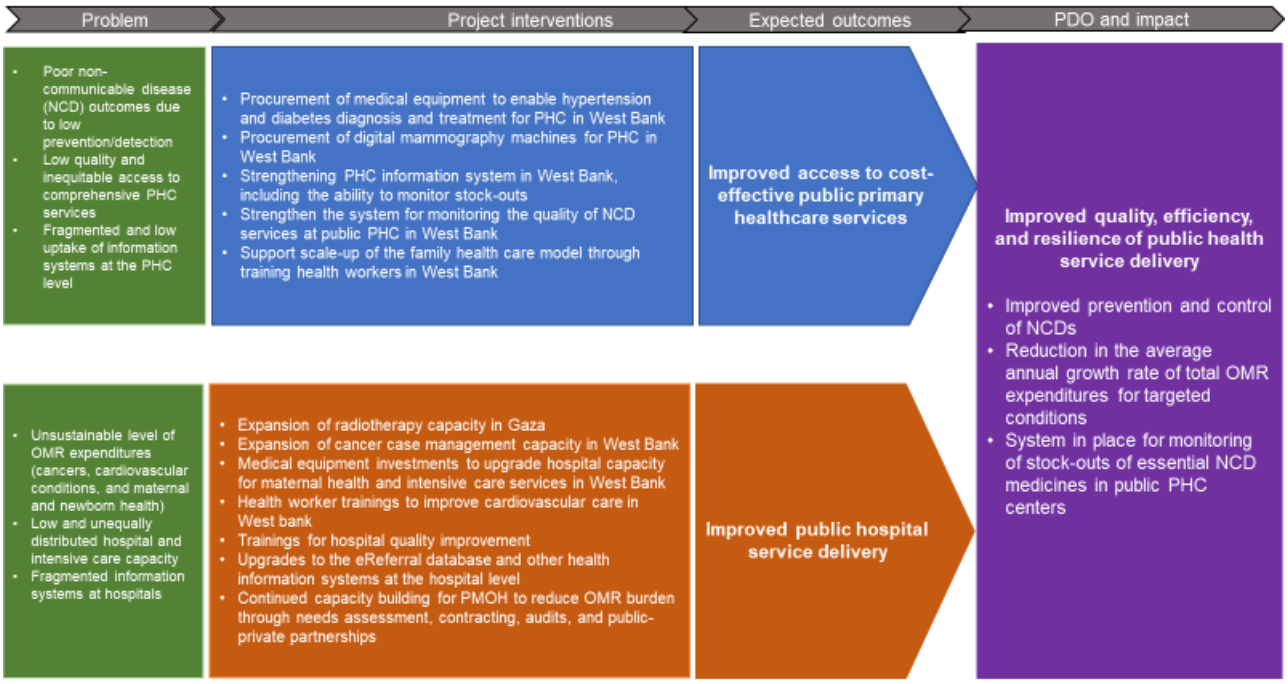
C. Project Beneficiaries

45. **The project beneficiaries will be the entire population living in the West Bank and Gaza.** The project will support all Palestinians benefiting from health services offered at PHC and public hospitals including medical and emergency personnel, medical, laboratory and testing facilities, and health agencies across the West Bank and Gaza. The project will prioritize interventions in high-need governorates and communities in the West Bank and Gaza. Furthermore, the project will support populations in Gaza who require cancer treatment. HSERP will also support health professionals, and technical staff within the PMOH through the provision of capacity building, training, and technical assistance.

D. Results Chain

46. **Through components 1 and 2, the project will improve the quality, efficiency and resilience of health service delivery.** Figure 3 shows the Project Theory of Change, highlighting health system challenges, interventions, and expected outcomes across primary and tertiary levels of care. Even as the project has two distinct components defined on the basis of levels of health service delivery, the interventions are designed in complementarity. The path to achieving the project outcomes on quality, efficiency and resilience would require a dual focus on service enhancement, through medical equipment procurement, as well as systemic improvements for the long-term, such as through training and information systems strengthening. Across both components, project investments seek to improve the continuity of care across patient pathways, particularly for NCD, with a focus on medical equipment, training, and information systems strengthening. While the amounts allocated to system-wide interventions are lower than medical equipment purchases, these investments have a higher potential than their financing allocation in improving the quality, efficiency, and resilience of the health system, as further discussed in the technical and economic evaluation section.

Figure 3: Theory of Change



E. Rationale for Bank Involvement and Role of Partners

47. **The World Bank is a key development partner in the Palestinian health sector, with a wide range of analytical and operational work strengthening the health system.** As indicated, this project fully builds on the catalytic support provided by the World Bank in strengthening the resilience of the Palestinian health system, both through analytics and policy dialogue. The World Bank plays a critical role in advocating and supporting health financing reforms through its analytical work as well as its role as co-chair of the health sector thematic group on referrals. World Bank's involvement in the design and implementation of the proposed project will maximize the net development impact of the project. World Bank's technical input based on international experience will allow to draw on global lessons to improve project design. Lastly, the World Bank also adds value by convening and coordinating development partners' support and their technical and financial contributions to the project. This is evident in the intervention supporting the procurement of radiotherapy equipment for Gaza, which is a multi-development partner project where the World Bank is providing catalytic financing.

F. Lessons Learned and Reflected in the Project Design

48. **The design of the project was informed by the lessons learned from the implementation of previous Bank engagements in the health sector.** The World Bank has provided financing for investment projects, including the Emergency Services Support Program and the more recent HSRSP, and has supported a series of analytical products over the last decade. The experience of the HSRSP project, which concluded in May 2021, provides some key lessons; i) keeping the project design and technical components as simple and flexible as possible to ensure responsiveness; ii) prioritizing PHC along with strengthening hospitals is vital for maximizing access and efficiency; iii) complementary dialogue on policy reforms focusing on health financing and sustainability are essential; and iv) digitalization of health system processes can make service delivery more effective and can improve satisfaction of providers and users.

49. **HSERP design is based on the findings of analytical work conducted by the World Bank over the past decade.** Technical and analytical engagement by the World Bank has particularly focused on improving the sustainability and efficiency of OMR, given its substantial importance in ensuring access to life-saving treatment for the Palestinian population as well as its share in annual health spending and PA budget. Targeted investments within HSRSP contributed to the reduction in growth of OMR expenditure. The average annual growth of total expenditure in OMRs of a three-year period reduced from 16.59% (2013-2015) to 2.04% (2019-2022) through investments in improving efficiency of OMR processes and strategic purchasing of equipment to build public sector hospital capacity. HSRSP has also supported the deployment of the eReferrals database, which has been providing granular information on the costs and distribution of OMR since 2019. The selection of priority domains under this project, particularly for component 2, has been informed by ongoing analysis of this database. Ongoing technical engagement therefore has ensured the targeting and prioritization of the HSERP's design, which is essential given the limited resource envelope.

50. **The project was designed to support sustainable investments, in close collaboration with the PA and key development partners.** Considering the scale of the challenges faced by the health system and the relatively modest financing envelope, HSERP has prioritized activities which would be catalytic and would not create a liability for continued World Bank support in the future. Ongoing engagement not just with the PMOH but also with the Ministry of Finance, the President's Office, and the Prime Minister's Office has ensured alignment on top priorities. The project design team also worked in close coordination with other development partners to ensure complementarity and avoid overlap. Special attention has been given to ensuring that the activities included in the project design are closely coordinated with and complementary to the inputs from the other donors and partners in the sector, notably European Union, USAID, Norway, Japan, WHO, UNRWA and United Nations International Children's Emergency Fund (UNICEF).

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

51. **PMOH will be the implementing agency for the project.** The Project Management Unit (PMU) which has been established previously for other projects will have the primary responsibility for all technical, operational

and fiduciary aspects related to the proposed project. Based on the Bank's engagement with the PMOH under the ongoing COVID-19 Emergency Project (P173800), the Improving Early Childhood Development Project (P168295), and the recently closed Health System Resilience and Strengthening Project (P150481), the PMOH's technical and implementation capacity were assessed and deemed satisfactory. The PMU will be further capacitated with the recruitment of a designated Health Specialist, who will provide technical support for the implementation of activities in both the West Bank and Gaza , as well as ensure effective monitoring and evaluation. The PMU will prepare and adopt a POM, no later than 45 days from effectiveness date, satisfactory to the World Bank, which shall include the rules, methods, guidelines, standard documents and procedures for the carrying out of the project, including the following: (a) the detailed description of project implementation activities and the detailed institutional arrangements, (b) budget preparation and execution, (c) accounting and reporting; and, (d) overall Project administrative, accounting, auditing, reporting, financial, environmental and social, procurement and disbursement procedures.

B. Results Monitoring and Evaluation Arrangements

52. **Arrangements for results monitoring.** Overall project monitoring and evaluation will be the responsibility of the PMU. The PMU, supported by the various PMOH departments, will manage data collection, aggregation and periodic reporting on the project's implementation progress, and will monitor closely the project's key performance indicators. The Results Framework includes project specific and core sector indicators to measure progress towards achievement of the PDO, as well as citizen satisfaction. The PMU will produce semi-annual progress reports no later than 45 days after the end of each calendar semester, and quarterly Interim Financial Management Reports and quarterly Environmental and Social reports, to report progress on achievement of the PDO and implementation progress of the project activities.

C. Sustainability

53. **Investments under this project will support overall health system strengthening and the sustainability of health financing.** The project has prioritized interventions for support which will directly and indirectly contribute towards the reduction in reliance on costly OMRs, thus contributing towards the reduction in the public sector expenditures for healthcare. Strengthening PHC systems for prevention of NCDs will have long term benefits in reducing the need for specialized services to manage NCD related complications and will also contribute to reduced morbidity and mortality due to NCDs. Strengthening public sector hospital capacity will ensure quality specialized care services are available in the West Bank and Gaza. Additionally, the project will support interventions in areas where recurrent costs such as maintenance, HRH and operational costs are assured to be provided within the PMOH budget. The project will also invest in the capacity for health sector workers for delivering care as well as support systemic changes in information systems and quality monitoring, with targeted training and ongoing capacity building. In summary, the project is expected to benefit the population of the West Bank and Gaza beyond the project period.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

Technical Analysis

54. **The project is expected to lead to substantial health benefits, efficiency gains, and cost savings in the Palestinian health sector.** Through components to scale-up all cost-effective public primary health care services and improve public hospital capacity, the project will improve the quality, efficiency, and resilience of public health service delivery. Complementary investments across all levels of the health system will close the most significant gaps in service delivery, seeking to reduce supply-side bottlenecks to the provision of effective health services in the public sector.

55. **There is substantial international and Palestinian evidence for public sector provision of the activities financed by this project.** As demonstrated by the substantial impact of the recent COVID-19 pandemic, health system investments generate substantial economic benefits. Eight million people die in lower- and middle-income countries from conditions that can be treated by a high-quality health system each year, resulting in annual economic losses of US$6 trillion.[41] Investments in health systems can be considered as global common goods, as they are shared by everyone and towards which everyone has responsibilities, and with benefits that spill over to other sectors. Access to a strong health system constitutes a “global common right” for the population, with the system constituting a “common pool resource.” In addition, health sector is characterized by market failures due to information asymmetries and a complex production function, and the availability of a strong health system should not depend on the ability to pay of the population; therefore, health system investments by governments and development institutions are justified on both an economic and a social basis.[42] COVID-19 pandemic has demonstrated that countries with stronger health system governance, integrated epidemiological surveillance, surge service delivery capacity, and sufficient physical and human resources capacity were not only able to respond to the pandemic within their borders through reducing the economic and health impact, but also contributed to global reduction of mortality and morbidity. Sustained health system investments are therefore needed to reduce amenable mortality and boost shared prosperity. In the Palestinian context, where access to health is further constrained given the context, out-of-pocket expenditures for health pose a substantial barrier to access to health services. Over 40 percent of overall health spending is directly financed by households at the point of care, and over 70 percent of the population has experienced financial barriers to accessing care.[43] The hardships faced by the population in financing care are a direct result of the overall insolvency of the public sector: the majority of state arrears are due to the amounts owed to private hospitals for delivering OMR services, and to pharmaceutical companies for drug and medical supply expenditures. Investments in the public health system in this context will not only improve access and health outcomes, but also result in substantial economic benefits, as described in the next section.

[41] Kruk, M.E., et al, 2018. High-quality health systems in the Sustainable Development Goals era: time for a revolution. The Lancet Global Health 6, e1196–e1252. https://doi.org/10.1016/S2214-109X(18)30386-3
[42] Soucat, A., Khosla, R., 2022. Investing in public health systems is a global common good. BMJ o2475. https://doi.org/10.1136/bmj.o2475
[43] Household health expenditures figure from PCBS 2017; financial access barrier figures from MSNA 2022

56. **Evidence from around the world demonstrates the ability of primary health care to improve health outcomes, health system efficiency and health equity, resulting in substantial economic benefits.** The Lancet Global Health Commission on Financing Primary Health Care has emphasized the central role of PHC in health systems in improving health outcomes worldwide[44] and argues that all countries need to both invest more and invest better in PHC. PHC investments leverage economic benefits through improving life expectancy, all-cause mortality, maternal, infant and neonatal mortality as well as mental health outcomes. PHC investments also improve efficiency by reducing total hospitalizations, avoidable admissions, and emergency admissions and hospitalizations, as well as to improve health equity by improving equitable access to health care and equitable health outcomes.[45] The ability of PHC to improve efficiency is also well documented, as primary care physicians use fewer resources in terms of hospitalizations, prescriptions and common tests and procedures. In addition, there is compelling evidence of significant economic benefit from the provision of preventive services in PHC; for example, the return on investment from childhood immunizations in Low- and Middle-Income Countries has been estimated as US$44 for each US$1 spent.[46]

57. **Activities under both components of the project are aligned with international evidence and the disease burden and seek to alleviate access and financing barriers to accessing quality health services.** Aligned with international evidence and the burden of disease in the West Bank and Gaza, activities under component 1 address the prevention and treatment of priority NCD, particularly hypertension, diabetes, and breast cancer. These interventions are amongst the most cost-effective ones that can be provided by a health system and will also result in reduced reliance on expensive hospital care. These interventions are further concentrated in areas that face the largest access gaps and investment needs. In parallel, activities under component 2 focus on strengthening the public hospital system to reduce the burden of OMR, with a focus on strengthening public hospital capacity to improve the provision of services, with a focus on cancers, cardiovascular diseases, and maternal health. Across both components, complementary health system interventions are included to improve quality to ensure the effectiveness of medical equipment investments, in line with international evidence and contextual needs.

Economic and Financial Analysis

58. **The economic analysis for the HSERP is based on data from the eReferrals database, as well as international benchmarks.** The total Net Present Value of the project is estimated to reach more than US$264 million. The economic analysis is conducted only for medical equipment investments and health worker trainings (about US$7 million of investments), excluding cross-cutting quality interventions and project management costs which enable the effectiveness of these interventions but the return of which are not possible to quantify on their own. The eReferrals data utilized for the economic analysis includes data on all OMR, which underestimates the

[44] Hanson, Kara et al. (2022). Introducing The Lancet Global Health Commission on financing primary health care: putting people at the centre. The Lancet Global Health

[45] "Barış, Enis; Silverman, Rachel; Wang, Huihui; Zhao, Feng; Pate, Muhammad Ali. 2021. Walking the Talk : Reimagining Primary Health Care After COVID-19. World Bank, Washington, DC. © World Bank. https://openknowledge.worldbank.org/handle/10986/35842 License: CC BY 3.0 IGO."

[46] Ozawa S, Clark S, Portnoy A, Grewal S, Brenzel L, Walker DG. Return on investment from childhood immunization in low- and middle-income countries, 2011–20. Health Affairs.

total demand for services given the access barriers associated with seeking OMR, particularly for Gaza. For each of the investments, an internal rate of return is calculated based on a range of assumptions, and the most conservative rate is presented in this section. Finally, given methodological constraints, this analysis does not use a value-of-a-statistical life approach, and the benefits of improving access to PHC are therefore not fully captured. As such, the returns on investment in this section provide an underestimate of the true economic benefits of investments. Detailed methodological assumptions for the economic analysis are presented in Annex 2.[47]

59. **Investments under component 1 to improve the structural quality of PHC to deliver hypertension, diabetes, and breast cancer screening are expected to yield substantial benefits, with an estimated total Net Present Value (NPV) of US$39 million.** Specifically, NIS 1,905,800 were spent in 2022 for referrals related to diabetes and hypertension[48]; it is expected that substantial savings will be made through the procurement of equipment required for provision of essential NCD interventions (WHO-PEN) with a focus on hypertension and diabetes diagnosis and monitoring. Under the assumption that 20% of OMR related to diabetes and hypertension complications could averted each year[49], it is estimated that the NPV on investment in PHC equipment is NIS 441,000 over a five-year period and leads to internal rate of return of 11 percent. Breast cancer treatment costs increase as the severity of the disease increases, and studies have reported that late-stage cancers have poor outcomes despite extensive and costly treatments[50] . Breast cancer screening can decrease breast cancer mortality as a result of higher treatment successes at early stages and help reduce overall costs of breast cancer treatment in the population. Recognizing the early detection of breast cancer is at the cornerstone of breast cancer control and management, the PMOH has focused efforts on enhancing detection services, as the incidence of breast cancer is estimated to be 19.9 per 100,000 population in 2019[51]. As previous studies have shown that early screening can decrease late-stage breast cancer diagnosis by 13.7 percent as a result of the screening program and saving US$4,049 in treatment costs per individual diagnosed[52], the estimate indicates that the potential saving for the PMOH on costly hospitalization could reach US$2.4 million each year. When looking at the OMR expenditures, data indicate that NIS 38,500,000 is spent annually for breast cancer treatment outside PMOH hospitals. Assuming that the investment in mammography machines can reduce the OMR spending by 5 percent, the NPV of this investment is NIS 5.43 million over a ten-year period, and an Internal Rate of Return of 8 percent. The benefits of this component may be underestimated as many long terms benefits of these interventions are difficult to quantify.

60. **As the lack of medical equipment and infrastructure in public hospitals is one of the key drivers of OMR, investments under component 2 of the project will not only improve access but also result in substantial annual savings, with a total Net Present Value of more than US$225 million.**

[47] A discount rate of 10 percent and a time horizon of 10 years is used for all estimates, unless the life cycle of a device/equipment is shorter.
[48] This amount is likely an underestimate given the fact that many referrals are due to uncontrolled hypertension or diabetes as a risk factor, and detailed data on case mix or patient profiles is not available.
[49] Gunn et al, Associations between attainment of incentivised primary care indicators and emergency hospital admissions among type 2 diabetes patients: a population-based historical cohort study. Journal of the Royal Society of Medicine, 2021.
[50] Skrundevskiy et al, Return on Investment Analysis of Breast Cancer Screening and Downstaging in Egypt: Implications for Developing Countries. Values Health 2020
[51] Mammography screening data. Review and Analyses, 2016-2020
[52] Skrundevskiy et al, Return on Investment Analysis of Breast Cancer Screening and Downstaging in Egypt: Implications for Developing Countries. Values Health 2020

- The procurement of two linear accelerators to support the expansion of cancer care will contribute to the reduction in cancer-related referrals from Gaza. Assuming that 50 percent of neoplasms referrals from Gaza are for radiotherapy services (most conservative assumption[53]), it is estimated that this project will yield a NPV of NIS 188,000,000 over a 10-year period and an Internal Rate of Return (IRR) of 13 percent. It is important to note that the economic return of this investment is likely to be severely underestimated given that OMR data from eReferrals do not take include patients for whom the referral permit is delayed or denied by Israeli authorities, and who are therefore unable to access the needed services. This estimate is in line with World Health Organization estimates demonstrating that the investment would result in a 75 percent reduction in cancer referrals from Gaza, and an annual savings of US$7 million through 2030[54].

- Purchase of two immunostain devices: Data shows that the PMOH is spending around NIS 47,300,000 for referrals for breast and prostate cancers (cancer types most commonly targeted by the device), and interviews conducted with key stakeholders indicate that around 20 percent of these referrals are due to the absence of this device. After testing for sensitivity to this percentage, the most conservative estimate suggests that the NPV over a five-year period reaches NIS 6,260,00, yielding an IRR of 47 percent and demonstrating high cost-effectiveness.

- Investments to train health workers to perform cardiac catheterization are also expected to yield significant benefits. Referrals for cardiac catheterization cost PMOH NIS 58,200,000 annually, despite having the necessary equipment in place. As trained staff is the major bottleneck for this procedure, investment in staff training is expected to lead to an NPV of 30,200,000, with an IRR of 44 percent for the most conservative estimate of the reduction in OMR linked to this procedure.

- As described in the PMOH hospital masterplan, the need for maternity and neonatal ICU beds is high in West Bank. Each year, NIS 37,000,000 are spent for OMR for maternal and neonatal conditions; assuming that investment in maternity and neonatal ICU beds can reduce these by 20 percent at the most conservative estimate, the NPV reaches NIS 1,190,000 and yield an IRR of 6 percent.

B. Fiduciary

(i) Financial Management

61. **A financial management (FM) assessment of PMOH PMU was performed.** The assessment concluded that, with the implementation of agreed-upon actions, the proposed FM arrangements will satisfy the minimum requirements of the World Bank Policy on IPF.

62. **Based on the FM assessment, the overall FM risk is Substantial.** With mitigation measures in place, the project will have acceptable FM arrangements. The finance team at the PMOH PMU working on World Bank projects will be the counterpart responsible for FM and disbursement arrangements. The PMU has gained experience with World Bank policies and procedures and is knowledgeable about FM and disbursement guidelines and processes for Bank financed projects. The current FM performance rating for the active health projects have

[53] Delaney et al, The role of radiotherapy in cancer treatment: estimating optimal utilization from a review of evidence-based clinical guidelines. Cancer, 2005
[54] World Health Organization, 2022 “Establishment of radiotherapy services in Gaza”

been consistently Satisfactory based on recent implementation support missions. There will also be close supervision by the World Bank team as well as regular audits. The main FM risks and mitigation measures are included under the Key Risks section.

63. **Interim un-audited Financial Report (IFRs) should be submitted to the World Bank within 45 days after the end of each calendar semester.** The Grant Agreement (GA) will require the submission of annual audited project financial statements within six months after year-end. The project's financial statements will be audited by a private sector audit firm acceptable to the World Bank, in accordance with the International Standards on Auditing. The cost of the audit will be financed from the Grant proceeds. The audited annual project financial statements will be publicly disclosed according to the World Bank Access to Information policy.

64. **World Bank financing of the project will be in a form of a Grant to be disbursed through a project-specific Designated Accounts (DA) opened by the Ministry of Finance (MOF) and operated and managed by the PMOH PMU.** MOF will open the DA denominated in United States Dollars (USD) into which replenishments from the World Bank resources will be transferred and will be used in financing the components according to the approved budget.

65. **The proceeds of the Grant will be disbursed in accordance with the World Bank's disbursements guidelines, as outlined in the Disbursement and Financial Information Letter (DFIL).** The project will follow "Reporting-Based Disbursements" with IFRs that include cash forecasts covering one or two quarters and amended as deemed necessary, other disbursement procedures such as direct payments, reimbursements, and special commitments will also be applicable if necessary. Withdrawal Applications (WAs) will be submitted to the World Bank for payments to suppliers and consultants directly (if needed). The documentation supporting expenditures will be retained at PMOH PMU and readily accessible for review by the external auditors and Bank implementation support missions. All disbursements will be subject to the conditions of the GA and disbursement procedures as defined in the DFIL. Annex 2 provides the details of the FM assessment, risks and associated mitigation measures, and proposed FM and disbursement arrangements.

(ii) Procurement

66. **Procurement under the project will be carried out in accordance with the World Bank's Procurement Regulations for IPF Borrowers, dated November 2020.** "The Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by International Bank for Reconstruction and Development Loans and International Development Assistance Credits and Grants", dated October 15, 2006, and revised in January 2011 and as of July 1, 2016, shall apply to the project. Further, the PA Public Procurement Law No. 8 of year 2014 became effective on July 1, 2016. When approaching the national market for specific procurements to be identified in the Procurement Plan, national procurement procedures may be used subject to requirements specified in Section-V of Procurement Regulations.

67. **The PMOH will hold the overall responsibility for procurement and contract management under the project, through the PMU which has adequate capacity and experience in the World Bank's Procurement Regulations.** An updated procurement risk and capacity assessment of the PMOH was carried out to identify risks and agree on mitigation measures (see Annex 1).

68. **The residual procurement risk with the mitigation measures is rated Moderate**. The project will finance goods, medical and non-medical equipment, non-consulting services, and consultants' services. Envisaged procurement activities include procurement of medical and diagnostic equipment for the PHC centers, hospitals, telecommunication equipment and specialized information and communication technology, technical assistance for strengthening the existing PHC information system and improving management and quality of care in hospitals, as well as selecting consultants for capacity-building support. In line with the World Bank Procurement Regulations, the PMU prepared a draft Project Procurement Strategy for Development (PPSD) to determine the most appropriate procurement arrangements, based on a market and risk analysis. The PPSD elaborates on the methods and market approach and describes the availability of suppliers/consultants for the type of procurement activities included in the project. The project does not include complex arrangements requiring specialized skills as the scope of Procurement is certain and easily quantifiable. In addition, the PMU prepared a draft Procurement Plan for the first 18 months of the project implementation. The initial Procurement Plan was approved by the World Bank on March 3, 2023. Detailed Procurement Arrangements are included in Annex 1.

C. Legal Operational Policies

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

D. Environmental and Social

69. **The overall environmental and social (E&S) risk is rated "Substantial"**. The environmental risk is assessed as Substantial and includes issues related to: (i) Occupational Health and Safety due to testing and handling of supplies and equipment during treatment, as well as due to the minor works for installation of equipment in the existing hospitals and health care facilities, (ii) hazardous materials that must be managed in terms of their use, storage, and handling, (iii) production and management of medical healthcare waste, and (iv) managing and handling of waste and end-of-life waste of equipment related to component 2.1, i.e, linear accelerators and associated facilities.

70. **The social risk is assessed as "Moderate".** Risks pertain to (i) social exclusion or inequitable access of marginalized groups (e.g. persons with disabilities, the elderly, women headed households, the poor, people in Area C, Bedouin communities, communities in relatively rural/remote locations etc.) to project benefits, (ii) labor and working conditions, (iii) community health and safety issues, and (iv) social tension and increase in stigma and isolation of people seeking sensitive services such as for incidents of gender-based violence (GBV) if there is resistance to provision of specialized support or referrals among affected families or communities. Based on the above, the social risk is rated as "moderate".

71. **The Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) risk rating has been determined as "Substantial".** The Risk rating is determined based on the World Bank's SEA/SH risk screening tool for the health

sector, review of secondary data and information received during meetings and consultations with stakeholders (including women's groups). The rating is 'Substantial' given (but not limited to) the limited capacity among health service providers in addressing or managing GBV prevention and response, scare resources and facilities particularly in Gaza, lack of enforcement when it comes to protocols on how to respond to survivors of GBV seeking care and weak and fragmented GBV referral systems. Furthermore, some interventions will be in rural/remote areas that may be difficult to monitor and/or may have reduced access to support services for survivors. This is in a context where intimate partner violence remains high among Palestinians, with Gazan women most impacted. In 2019, 22 percent of married or ever married women in the West Bank reported to have experienced intimate partner violence and in Gaza, the figure is as high as 35 percent among married or ever married women. The COVID-19 pandemic and Gaza conflict in 2021 have only exacerbated the situation.

72. **The E&S risks and impacts have been assessed and requisite mitigation measures have been included in the project's E&S instruments** including an Environmental and Social Management Framework (ESMF), Labor Management Procedures (LMP), and Stakeholder Engagement Plan (SEP). The ESMF, LMP, SEP have been prepared by the PMOH and consulted on (January 4, 2023), cleared by the World Bank and publicly disclosed on February 15, 2023. A stand-alone SEA/SH Action Plan will also be prepared and publicly disclosed two months after project effectiveness to address GBV/SEA/SH related risks. Commitments to implement the project in accordance with the requirements of the Bank's Environmental and Social Framework (ESF) have been included in the project's ESCP which has been prepared by PMOH, reviewed and cleared by the Bank and publicly disclosed on February 15, 2023.[55] Finally, additional measures to enhance inclusion of vulnerable groups and address GBV/SEA/SH risks will also be addressed through the design of project interventions/activities.

73. **The PMU has engaged an Environmental and Health and Safety Officer (EHSO) and appointed a Focal Point in Gaza to ensure implementation of E&S requirements.** The World Bank's in-country and MENA regional teams have also provided capacity building sessions for the EHSO to further strengthen compliance with the ESF. The EHSO will also support the implementation of the SEA/SH Action Plan and will receive requisite training during the project to ensure proper implementation of this Plan. Further training to strengthen ESF implementation will be provided to the EHSO, the Focal Point in Gaza and other staff and commitments in this regard are included in the ESCP.

74. **Functioning grievance mechanisms (GMs), with special features to address SEA/SH related complaints, are in place for both project beneficiaries and workers.** These GMs were developed under the COVID-19 Emergency Response health project and will also be used for the new project. Details of the beneficiary and workers' GMs are included in the project SEP and LMP respectively, and commitments to ensure that GMs remain operational throughout the project are included in the ESCP.

[55] - ESCP : https://site.moh.ps/Content/File/MliLQzt83ncKVUKJOsKnChju_fHvXWAAOP4MkiuknZbrAgzVZ.pdf
- ESMF : https://site.moh.ps/Content/File/QfcLHR4N4JsOyONbX2Qq9glV_PYwcbbOv32121pmmIdwOMOCB.pdf
- SEP : https://site.moh.ps/Content/File/771aA89rU6HRSrXmM7R9kBca_quJWCa1V9lcw4DyFkunww3GT.pdf
- LMP : https://site.moh.ps/Content/File/IlvcgURYoYBxc8vsy4kQ58bk_1WLDgEmq3nLLnQ3R3yeegiN4.pdf

E. Corporate Commitments

Gender

75. **The gender tag pathway contributes to the first pillar of the World Bank Gender Strategy (FY2016-23) which focuses on the improvement of human endowments, by addressing second generation issues, such as NCDs, that disproportionately impact women in the West Bank and Gaza**. According to the STEPS 2022 survey, breast cancer (followed by colorectal cancer) was the most common cancer for women while colorectal cancer and lung cancer were the most prevalent cancers among men. However, access to screening services for breast cancer is limited by the availability of equipment. While access to health care is almost universal among women and men in West Bank and Gaza, there are gaps in usage of services particularly related to prevention and early screening for cancer. The majority of the available mammography machines are obsolete and not in operations anymore, due to frequent malfunctioning and unavailability of spare parts in the West Bank market. Lack of mammography equipment or functioning parts have contributed to major a gap in usage which is evident when assessing the number of women targeted for the screening (about 225,000 mammography exams annually in West Bank) and those reported as actually being screened (about 5,800 in West Bank in 2021). The limited operational capacity of mammography services in public facilities increases referral of women to private facilities, which may be too expensive for vulnerable women given costs associated with private services. This is especially critical in breast cancer diagnosis where early screening can decrease mortality, as a result of higher treatment successes at early stages and help reduce overall costs of breast cancer treatment in the population. As such, the project will focus on increasing the use of breast cancer screening by way of procurement of specialized equipment, such as mammograms, in health clinics with highest unmet demand and need. The project will also ensure the technical specification of the mammography equipment will have a wide range of settings that can consider different needs of population groups, especially those with disabilities. Training of health staff will take place to build capacity in terms of operating and maintaining the equipment, in addition to conducting communication campaigns to increase awareness of the benefits of early screening and availability of the new equipment. The main indicator for the gender tag is “Annual number of women undergoing mammography examination”.

Climate

76. **Through improving the resilience and efficiency of the health system, this project will ensure the Palestinian health system can adapt to the adverse impacts of climate change.** Future climate scenarios for the West Bank and Gaza are expected to impact health through increasing temperatures and heatwaves, variability of rainfall, floods, increased aridity, and droughts. By mid-century the West Bank and Gaza is projected to experience a significant increase in the intensity of the summer season (June, July, August), under SSP3-7.0 scenario and significant changes in the number of hot days (average maximum temperature >35°C) by mid-century across all scenarios.[56] Temperatures during nights are projected to be not low enough to sufficiently allow the body to naturally cool down after the stress of high daytime temperatures. Precipitation conditions are expected to be highly variable, with a relatively high degree of uncertainty. Through expanding the availability of

[56] The World Bank. 2022. Climate Risk Country Profile. West Bank and Gaza.

comprehensive public PHC services, both for communicable (water-, food-, and vector-borne) diseases and non-communicable diseases which are both expected to become more prevalent due to climate change, this project will support successful adaptation of the Palestinian health system to the climate change. By building competencies of the mentors involved in training of family health care provider through the subcomponent 1.2, the project intends to support strengthening of capacities needed to achieve one of the national Nationally Determined Contribution actions (training of 300 health professionals in disease prevention by 2025).[57] Both components include interventions for prevention, control, and treatment of NCDs, which can be exacerbated by high temperatures or heatwaves.

77. **The planning of project activities will also be informed by the ongoing Country Climate Development Report and planned CHVA.** The CHVA will be conducted to identify key risks posed by climate change to the Palestinian health system and identify adaptation and mitigation options. It would focus on the changing needs of the most vulnerable populations such as women, children, and refugees to help increase their resilience to health risks, including risks related to climate and environmental factors, while identifying additional opportunities for the investments at the public PHC and hospital levels that would further contribute to reducing the carbon footprint of the health sector. In addition to supporting climate-smart health care, the project also intends to contribute to significant reductions in carbon footprint on account of the reduction in OMR supported by component 2 and digitalization of patient records, prescriptions, referrals, and counter referrals supported by subcomponents 1.2 and 2.2. The support for provision of quality health services within the public sector will directly reduce the need for patients and their caregivers to travel outside the country for medical care and ensured access to health facilities that are closer to the population will contribute to further reduced carbon footprint.

Citizen Engagement

78. **Citizen engagement will form an integral part of project implementation to enable an effective two-way interaction between citizens and the authorities.** The project will build on the work done under the citizen engagement approach of the ongoing COVID-19 Emergency Response Project (P173800) and will include activities to strengthen citizen engagement such as involvement of civil society, consultations, the use of national multi-stakeholder committees with civil society representatives and establishing a grievance redress mechanism for the project. Citizen engagement will be tracked through a beneficiary feedback indicator “Patients that are satisfied with the treatment received in hospitals” (Percentage) which will track beneficiary satisfaction amongst those utilizing hospital services. The methodology and data collection plan for this indicator will be finalized as part of the development of the Project Operational Manual. Across both components, the project will support the integration and the scale-up of health information systems, which will improve the accountability of the health system through making routine data available to the population through periodic health reports.

[57] The State of Palestine’s First Nationally Determined Contributions (NDCs) “Updated Submission” October 2021

VI. GRIEVANCE REDRESS SERVICE

79. **Grievance Redress.** Communities and individuals who believe that they are adversely affected by a project supported by the World Bank may submit complaints to existing project-level grievance mechanisms or the World Bank'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 Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted to the AM at any time after concerns have been brought directly to the attention of Bank Management and after Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's GRS, please visit http://www.worldbank.org/GRS. For information on how to submit complaints to the World Bank's Accountability Mechanism, please visit *https://accountability.worldbank.org*.

VII. KEY RISKS

80. **Based on an assessment of the residual risk to the achievement of the PDO, the overall risk for the project is considered Substantial.** There are inherent Substantial risks affecting project implementation, which are further discussed below. Other risk categories are rated Moderate. Considering the residual risk after mitigation measures building on lessons learned from ongoing and previous operations in the health sector, the overall risk is rated as Substantial.

81. **Political and Governance risk is considered Substantial.** The political uncertainty in the territories poses significant risks on project implementation. To mitigate these, the project design will draw on lessons learned from the ongoing COVID-19 Emergency Response Project (P173800) and the recently closed HSRSP (P150481) with a focus on targeted investments. Moreover, the project has included a CERC which will allow more flexibility to quickly reallocate funding and respond to emerging needs as required. The political context may also pose challenges in moving medical equipment into Gaza, especially for radiotherapy services, thus delaying project implementation. This risk will be mitigated by close coordination between the relevant authorities and other donors and United Nations agencies supporting the radiotherapy plan for Gaza.

82. **Macroeconomic risk is rated Substantial.** Macroeconomic outlook is subject to substantial risks, given the reliance on donor support due to the large fiscal deficit financed mostly through donor grants. Availability of recurring expenditures to ensure service continuity can be at risk. To mitigate these effects, the project will be designed and implemented in close coordination with development partners and will focus on one-off investments not requiring ongoing recurrent costs.

83. **Fiduciary risk is rated Substantial.** This is based on an FM risk rating of Substantial and a procurement risk rating of Moderate. The FM risk is assessed as Substantial considering the overall control and inherent risk of the proposed project, which is based on the nature of the project components and subcomponents and experience

with similar projects. The FM risk rating will be updated once the arrangements are finalized, and the FM assessment is completed. Risks will be mitigated through robust internal control procedures, a strong management information system, the development of a comprehensive FM manual, close supervision by the Bank, as well as regular annual financial audits.

84. **The Environmental and Social (E&S) risk is considered Substantial.** The environmental risk is assessed as Substantial and includes issues related to: (i) Occupational Health and Safety due to testing and handling of supplies and equipment during treatment, as well as the small-scale civil works for installation of equipment in the existing hospitals and health care facilities; (ii) hazardous materials that must be managed in terms of their use, storage, and handling, and; (iii) production and management of medical healthcare waste. The social risk is assessed as Moderate and pertains to: (i) labor management; (ii) inequitable access of women and vulnerable groups (for example – but not limited to - people in rural/remote locations, people living in Access Restricted Areas, the elderly, persons with disabilities, etc.) to project benefits and; (iii) community health and safety related to the handling, transportation and disposal of hazardous and infectious healthcare waste associated with medical laboratories, including sharps used in diagnosis and treatment, waste from vaccination, and privacy and data misuse issues during electronic record keeping. The sexual exploitation and abuse and sexual harassment (SEA/SH) risk is rated as Substantial using the Bank's SEA/SH risk screening tool for the health sector. E&S mitigation measures are described under Section D "Environmental and Social" of the Project Appraisal Summary.

VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: West Bank and Gaza

Health System Efficiency and Resilience Project

Project Development Objectives(s)

To support the Palestinian Authority in improving the quality, efficiency, and resilience of public health service delivery.

Project Development Objective Indicators

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Improved capacity of PHCs for prevention and control of NCDs							
Percentage of diabetes patients with good glycemic control (Percentage)		23.00	23.00	25.00	30.00	40.00	50.00
Reduced growth rate of total OMR expenditures for targetted conditions							
Average growth rate of total OMR expenditures in the preceding 3 years for conditions targeted by the project (Percentage)		16.00	14.00	13.00	13.00	9.00	8.00
System for monitoring stock outs of essential NCD medicines in place in public PHC							
System for monitoring stock outs of essential NCD medicines in place in public PHC centers (Text)		NO					YES

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
COMPONENT 1: Scaling up cost-effective public primary health care services							
Percentage of public PHC centers using the unified electronic patient records (Percentage)		11.70	11.70	20.00	25.00	35.00	40.00
Proportion of level 3 and level 4 public PHC centers equipped with essential equipment for NCD services as per national standards (Percentage)		14.00	15.00	50.00	65.00	70.00	75.00
Number of health staff trained in family health care practice (Number)		114.00	130.00	150.00	170.00	190.00	200.00
Percentage of patients with diabetes who are routinely monitored in public PHC facilities (Percentage)		40.00	40.00	50.00	55.00	65.00	70.00
Annual number of women undergoing mammography examination (Number)		5,864.00	5,864.00	9,000.00	13,000.00	15,000.00	20,000.00
COMPONENT 2: Improving public hospital service delivery							
Public hospitals with expanded cancer detection and management capacity expanded in high-need areas (Number)		0.00	0.00	1.00	2.00	3.00	3.00
Public hospitals with expanded		0.00					15.00

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
cardiovascular disease detection and management capacity in high-need areas (Number)							
Number of public hospitals strengthened with equipment to deliver maternal, newborn, and child health services in high-need areas (Number)		0.00	0.00	2.00	4.00	8.00	10.00
Percentage of patients that are satisfied with service availability at hospitals targeted by the project (Percentage)		0.00					75.00

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Percentage of diabetes patients with good glycemic control	Number of patients with type 2 diabetes mellitus with good glycemic control at the last clinical visit to the level 3 and level 4 public PHC centers in the last 12 months (HbA1c <7.0% or 53 mmol/mol)/number of	Annual	PHIPH	DHIS2 reports	MOH

	patients with type 2 diabetes mellitus registered in the level 3 and level 4 public PHC centers over during the last 12 months. The indicator will cover patients with type 2 diabetes mellitus (code E11 under ICD10 or code 5A11 under ICD11). The indicator will be gender disaggregated and monitored in West Bank.				
Average growth rate of total OMR expenditures in the preceding 3 years for conditions targeted by the project	OMR expenditures for cancer, cardiovascular, neonatal and maternal conditions will be tracked based data from MOH eReferrals database. Reduction in OMR growth was an average of 16% in the three years between 2019-2021. In order to avoid any year-on-year fluctuations, the calculation relies on the average growth rate of the preceding three years.	Annual	e-Referral data	e-Referral analysis	SPU
System for monitoring stock outs of essential NCD medicines in place in public PHC centers	The essential NCD medicines are the core medicines for primary health care facilities for treatment of NCDs, as	Annual	PHIPH	DHIS2 reports	MOH

	defined in the WHO-PEN interventions for primary health care. The system will be considered in place if it is setup and functional. This indicator will be monitored in West Bank.				

Monitoring & Evaluation Plan: Intermediate Results Indicators					
Indicator Name	**Definition/Description**	**Frequency**	**Datasource**	**Methodology for Data Collection**	**Responsibility for Data Collection**
Percentage of public PHC centers using the unified electronic patient records	Number of PMOH PHC center in West Bank in which DHIS2 was fully implemented/total number of PMOH PHC centers in West Bank (excluding mobile clinics)	Semiannual	PNIPH	PNIPH reports and documents	MOH
Proportion of level 3 and level 4 public PHC centers equipped with essential equipment for NCD services as per national standards	Number of level 3 and level 4 public PHC centers in West Bank fully equipped for provision of essential NCD interventions (WHO-PEN) for primary health care system in low-resource settings/total number of level 3 and level 4 PMOH PHC centers in West Bank	Annual	MOH	MOH reports and documents	MOH
Number of health staff trained in family health care practice	Number of health staff who completed family medicine	Annual	MOH	MOH Reports and documents	MOH

	residency program (doctors), diploma course in family medicine (doctors, nurses/midwives, and pharmacists), or family medicine transitional training program (doctors and nurses/midwives).				
Percentage of patients with diabetes who are routinely monitored in public PHC facilities	Number of patients with diabetes mellitus (E10 and E11) who had HbA1c measured and recorded in its patient file in last 12 months/total number of patients with diabetes. The indicator will be disaggregated by gender and monitored in West Bank.	Annual	PNIPH and NCD supervisors at district level	PNIPH and MOH reports and documents	MOH
Annual number of women undergoing mammography examination	Annual number of women undergoing mammography examination in public health facilities in West Bank	Annual	MOH	MOH	MOH
Public hospitals with expanded cancer detection and management capacity expanded in high-need areas	Number of public hospitals in West Bank and Gaza where cancer detection and management capacity were expanded	Annual	MOH	MOH reports and documents	MOH
Public hospitals with expanded cardiovascular disease detection and management capacity in high-need areas	Number of public hospitals in West Bank where cardiovascular disease detection and management	Annual	MOH	MOH reports and documents	MOH

	capacity was expanded				
Number of public hospitals strengthened with equipment to deliver maternal, newborn, and child health services in high-need areas	Number of public hospitals in West Bank where additional medical equipment has been purchased to improve the delivery of maternal, newborn, and child health services, including delivery beds and neonatal incubators	Annual	MOH	MOH reports and documents	MOH
Percentage of patients that are satisfied with service availability at hospitals targeted by the project	Number of hospital patients satisfied with the treatment/total number of hospital patients that completed survey. The indicator will be disaggregated by West Bank and Gaza. Results of the survey will be disclosed and disseminated to the public.	Annual	MOH	MOH reports and documents	MOH

ANNEX 1: Implementation Arrangements and Support Plan

COUNTRY: West Bank and Gaza
West Bank and Gaza Health System Efficiency and Resiliency Project

Financial Management

1. **Implementation Arrangements and Staffing.** The Fiduciary activities including the FM, and disbursement functions will be carried out by the established and well-functioning PMU at MOH. The PMU will be the main counterpart responsible for the financial management and disbursement arrangements of the Project, it will manage the day-to-day FM aspects of the project and ensure that FM and disbursement under the project are carried out in accordance with the World Bank's procedures and FM guidance to ensure funds are used for its intended purpose.

2. **Staffing.** A dedicated Finance Manager from the PMU MOH will be handling the FM and disbursement responsibilities of the project. The Finance Manager will keep all accounting records and ensure all transactions are recorded in the appropriate software and accounting system. The Finance Manager is a highly qualified professional that has been working with the Bank for several years and is very familiar with the Bank's policies and procedures. Currently, the PMU Finance Team is sufficient for supporting project activities, PMU FM capacities were assessed during project preparation and throughout the FM supervisions of running World Bank projects and were found adequate for project implementation. The performance of the FM team on both the recently closed health project [P150481 - Health System Resiliency Strengthening Project] and the currently active one (West Bank and Gaza COVID-19 Emergency Response -P173800) have been consistently Satisfactory based on recent supervisions.

85. **Project FM risk.** The country level financial management risk in the PA system is rated as High before mitigation. Based on the FM assessment, the overall FM risk after mitigation measures is "Substantial". The main FM risks identified under the project relate to: (a) PDO and results will not be sufficiently met which may lead to increasing the risk of ineligible expenditures, (b) the volatile political situation and imposed access restrictions in West Bank and Gaza, (c) possible commingling of project funds and, (d) risks related to managing and controlling the fixed assets and medical supplies purchased under the project. Risks will be mitigated through several actions as follows:

- The project funds will be ring-fenced through the institutional set up. After declaration of effectiveness, a separate USD Designated Account (DA) will be opened for the project. PMOH PMU will open a separate cost center in the "Bisan" financial accounting system to separately account for the project funds and expenditures.
- A private sector audit firm acceptable to the World Bank will audit the financial statements of the Project
- Simplified and streamlined IFRs with a coverage period of six months will be prepared by PMOH PMU and submitted to the World Bank.
- A Financial Manual will be developed and updated to meet the project's FM requirements as part of the POM.

3. 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 to comply with the Bank's fiduciary and disbursement requirements. Below are the main risks and mitigating measures for the implementing entity.

a. The risk that the Project will not achieve the required results and objectives in the agreed project period, which as a result will deem certain expenses to be ineligible and might require funds to be returned to the Bank.
b. The country level fiduciary risk level in the PA system is rated as High before mitigation**.** This is due mainly to deterioration in the financial reporting of the PA and delays in the issuance of public sector financial statements
c. The political situation and the imposed access restrictions to the West Bank and especially to Gaza, may affect the physical and financial progress of the operation and the verification of actual physical progress on the ground.
d. Risk of comingling project's funds with other ongoing projects and/or with other development partners' funds at the municipality level.
e. Risk of overestimating project's cash flow projections or replenishments.
f. Risks related to managing and controlling the fixed assets and medical supplies purchased under the Project and the risk relating to the misappropriation of assets

4. The following measures will mitigate FM-related risks: the FM arrangements were designed to mitigate the identified FM risks, which would suit the available capacity during implementation, including:

a. The project will be ring-fenced through the institutional set up. A USD Designated Account (DA) will be opened at an approved local commercial bank to receive grant funds from the Bank and to be managed by PMU MOH, monthly bank reconciliations will be prepared and approved, in addition to the follow up on non-reconciling items.
b. PMU will open a separate general ledger in its accounting system to separately account for project funds and expenditure incurred by window and by component. This would minimize the risk of commingling of project's funds with other development partners' funds
c. The experience of the FM team with the Bank FM and disbursement requirements, procedures and guidelines, and the satisfactory performance rating of this FM team working on the other Bank projects
d. Adequate financial management and disbursement arrangements will be put in place including development and updating of the FM Manual
e. Simplified and streamlined IFRs in excel sheet format with a coverage period of six months (semi-annual) will be submitted to allow the World Bank to follow up on disbursement progress and address bottlenecks in a timely manner.
f. The Project's financial statements will be issued annually and will be audited by a private sector audit firm that is experienced and knowledgeable with the public sector in Palestine and the audit of Bank Projects and has a satisfactory performance record that is acceptable by the Bank
g. Grievances, Redress and fraud and corruption reports will be received through multiple channels that include the official complaints platform of the PA, MOF and MOH.

5. **Budgeting.** MOH budget is incorporated in the PA's national budget law, the PA detailed budget is published, and several studies and bulletins are prepared on the Palestinian Government Budget and Spending

Reports including the work performed by the Palestinian Central Bureau of Statistics on the performance of the Palestinian economy during 2020 and forecast for 2022 and 2023.

6. **Project 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 PMU 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 by components, schedules (including the Procurement Plan), and expenditures on monthly and quarterly activities. The annual budget will be sent to the Task Team Leader at least two months before the beginning of the fiscal year for review, only those activities that are included in an annual work plan and budget shall be eligible for financing out of the proceeds of the grant. Variance analysis will be provided along with the semiannual IFRs to be submitted by MOH PMU. The annual work plans, budgets and cash forecasts may be revised during project implementation subject to the Bank's prior written approval

7. **Accounting and Financial Reporting.** The Project will follow International Public Sector Accounting Standards (IPSAS) cash basis for accounting, or the modified cash basis as deemed appropriate. MOF adopts a Chart of Accounts that is compatible with all ministries and related government entities. MOH uses the Bisan-Government edition for all Bank funded projects, which is the PA's accounting system that will be used by the PMU to record all project transactions as required by the government system of accounting. Accounting records will be maintained in local currency (ILS) and USD.

8. **Information Systems**. A new cost center will be opened in Bisan by the MOH PMU. The FM system should be capable of producing timely, relevant, and reliable financial information that will enable the PMU management to plan, implement, monitor, and appraise overall progress toward achievement of its objectives. The FM system should be in place and efficiently operational before commencement of the project.

9. **Financial Section of the POM.** MOH PMU will develop and update a detailed FM section of the POM which will cover all administrative, financial, and accounting, budgetary, and human resources procedures relevant to all the project expenditures, processes and cycles and activities to be financed under the project. The POM should describe the payment procedures, including controls and oversight arrangements. A POM acceptable to the World Bank should be submitted no later than 45 days from the effective date.

10. **Financial Reporting and Monitoring**. MOH PMU will maintain their own accounting records and project financial information in a manner acceptable by the Bank. Specifically, the MOH PMU will be responsible for: (i) presenting the grant financial data; (ii) preparing activity budgets (disbursement plan) semiannually as well as annually, monthly DA reconciliation statements, and periodic Statements Of Expenditures (if needed), withdrawal schedule for approval, semiannual IFRs and annual financial statements; and (iii) ensuring that the project's FM arrangements are acceptable to the World Bank. The MOH PMU will produce semiannual and annual reports as outlined below and submit these to the Bank.

11. **Semiannual unaudited IFRs (submitted within 45 days after period end):**

- 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 actual and planned expenditures with detailed deviation analysis between actual and budgeted figures.

- Contract listing, reflecting all signed contracts under the grant with the value of each amount disbursed under each contract as at the report date.
- DA statements and reconciliations showing deposits and replenishments received, payments supported by Withdrawal Applications, interest earned on the account, and the balance at the end of the reporting period.
- a reconciliation statement between the World Bank Client-Connection platform and the Project financial statements/information

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

- A Statement of Sources and Uses of Funds (by category and component showing Bank and counterpart funds separately (if any).
- A Statement of Cash Position for the project's funds from all sources.
- Statements or disclosure notes reconciling the balances on the designated bank accounts to the bank balances shown on the Statement of Sources and Uses of Funds.
- Notes to the Financial Statements for significant accounting policies and all other relevant information

13. **Internal Controls.** The MOH PMU maintains an effective system of internal control and procedures over financial reporting to provide reasonable assurance that that financial information is reliable and accurate, that assets are safeguarded, and that transactions are properly authorized and recorded.

- At MOH, through FM and Disbursements Manuals, approval and authorization tasks are functionally segregated among the PMU staff within the organizational structure.
- Dual and cross verification and signature procedures are established; authorizations and responsibilities are clearly defined and approval or authorization for the transactions over certain limits is required.

14. **Fiduciary main checkpoints are summarized hereunder.** PMU staff at PMOH will follow the PA financial procedures for approving payments. Proper segregation of duties exists to sign off on all documents. The following signatories are required in sequence to approve the payments: (i) prepared by and entered into Bisan financial system by Finance Manager (FM) at the MOH PMU and approved and signed by Procurement specialist and PMU Director, (ii) signed by the Internal Auditor at PMOH, (iii) reviewed and approved by the Ministry's Budget Allocation at the PMOH, (iv) review and approval by the Deputy General Financial Affairs at MOH, (v) review and approval by the Financial Controller at PMOH, and (vi) review and approval by the Minister/ Deputy Minister at PMOH.

15. **Internal controls over purchase of fixed assets and consumable medical supplies.** The project will finance the purchase of fixed assets, medical and non-medical supplies, the purchase of those items will go through the PA management and procurement systems and procedural guidelines for the purchase of inventory and fixed assets and their management systems. Those control procedures include documentation and circulation of controls amongst the MOH warehousing and procurement department, MOF requirements and the General Supplies Department (GSD). The Bank reviewed the policies and procedures for the purchase of inventory and fixed assets and selected an example for review, we did not identify any material discrepancies or weaknesses based on our review.

16. There are two distinct procedures: (a) Purchase of medical supplies (consumable inventory) which go through the MOH warehousing system without the need to be recorded at the GSD at the government since they are not fixed assets and (b) Purchase of fixed assets, which go through the same procedures, in addition to approval and recording at the GSD. For the fixed asset purchased under the project: 1) the suppliers delivers the items to MOH warehouse stores at two locations by providing taxable invoices and delivery note; 2) the warehouse manager issues a receipt note; 3) official documents are sent to MOF-GSD to record the fixed asset transactions in their system and to issue a FA registration note and; 4) documentation will be sent to the Financial Management Specialist at the PMU through the store management at PMOH and then payments will be processed. For the purchase of medical supplies or consumables, there is no requirement to record the items at GSD.

17. **External Auditing**. The financial statements of the PMOH are consolidated with the financial statements of the Government of Palestine and its related entities, the consolidated financial statements of the PA are audited by the State Audit Administrative Control Bureau (SAACB). In its 2021 Annual Report, SAACB published the audited consolidated financial statements of the state of Palestine for the years ended December 31, 31, 2018, and 2019 were it expressed a qualified audit opinion listing a number of qualifications on the consolidated financial statements and the consolidated notes to the financial statements, the consolidated financial statements have been prepared using the International Public Sector Accounting Standards (IPSAS – Cash basis). The World Bank team has reviewed the published annual report by SAACB and will consider all observations and qualification in the FM design and assessment of the project.

18. In several recent meetings with SAACB, the team confirmed that the 2020 and 2021 consolidated financial statements have been finalized and the audited version will be issued soon, a significant improvement in clearing the backlog of the PA's prior year consolidated financial statements.

19. The project's audited financial statements will be audited by a qualified private sector audit firm (or SAACB) that should be a member of the Palestinian Association for Certified Public Accountants and acceptable to the World Bank. The audited financial statements and related notes shall explicitly show sources and uses of funds relevant to the World Bank. A copy of the project's annual audited financial statements will be shared with the World Bank for review and no-objection. The audit firm will be asked to audit the project's financial statements in accordance with the ISA based on terms of reference (ToR) acceptable to the World Bank. The MOH PMU will be responsible for preparing the ToR for the audit assignment and submitting it to the World Bank for no-objection. The project's audited financial statements will be due for submission within six months after the end of each calendar year. In addition to the audit report, the appointed auditor will be expected to prepare a Management Letter giving observations and comments, and recommending improvements in accounting records, systems, controls, and compliance with financial covenants in the GA.

20. **Grievances and Redress Mechanism including reporting or whistleblowers mechanism for any fraud or corruption allegations.** Grievances and whistleblower (fraud and corruption) reports will be received through multiple channels that include the official complaints platform of the PA, MOF, SAACB, PMOH and Anti-Corruption Committee call center, websites, the national call center and online complaints and grievances form. All cases will be referred to the MOH PMU and documented through the necessary systems and resolved through the MOH PMU staff. The World Bank will review on a regular basis cases and reports of grievances, redress and reported

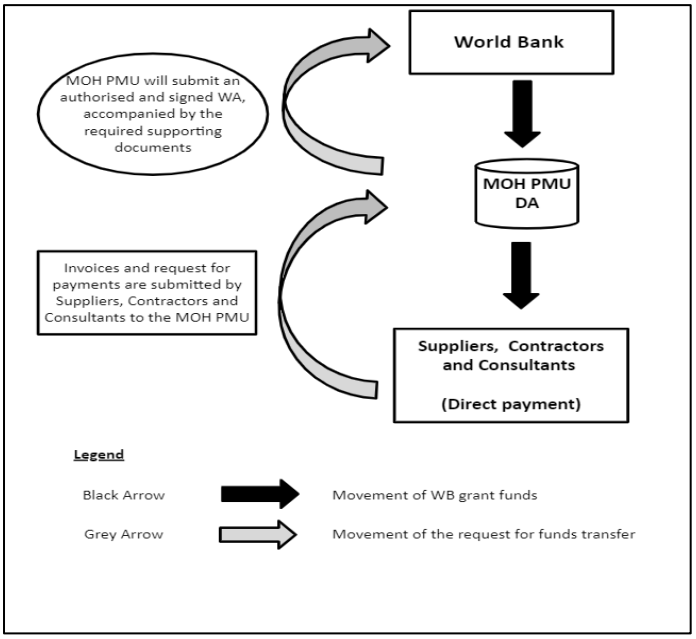
fraud and corruption allegations (if any), discussions, findings and action plans will be formally documented and shared with all stakeholders as deemed necessary.

21. **Flow of funds and banking arrangements.** World Bank financing will be in a form of Grant to be disbursed through one project-specific DA opened by the MOF. The DA will be operated and managed by the MOH PMU and will be denominated in USD into which replenishments from World Bank resources will be transferred and will be used in financing the components according to the approved budget.

- WA submitted to the World Bank will be prepared by PMOH PMU and final authorization and signatures sits with the MOF before submission to the World Bank. Project expenditures will be documented through IFRs.
- The PMOH PMU will vest the sole responsibility to disburse on behalf of the project to suppliers, contractors, and consultants. Additionally, the PMOH PMU will maintain a monthly reconciliation statement between their records and the Bank's records per the World Bank's Client Connection. Such reconciliation will set out the disbursements by category as well as the DA balance. Disbursement and payment requests will be based on approved contracts and services predefined in the project documents.
- DA bank account records will be reconciled with bank statements on a monthly basis by the PMU. A copy of each bank reconciliation statement together with a copy of the relevant bank statement will be reviewed monthly by the Project Financial Manager at the PMU, who will investigate and resolve any identified differences. Detailed banking arrangements, including control procedures over all bank transactions (for example, check signatories, transfers, and so on), are documented in the Financial Section of the POM**.**

The figure below describes the funds flow for the project:

Flow of Funds



22. **Funds Flow and Disbursement Arrangements.** The proceeds of the Grant will be disbursed in accordance with the World Bank's disbursements guidelines. This will be outlined in the DFIL and in accordance with the Bank's Disbursement Guidelines for IPF. The project will follow "Report Based Disbursements" using IFRs as WA templates. Reimbursement, Direct Payments, and Special Commitment Issuance Applications can be accepted if the amount is above the "Minimum Application Size" as specified in the Disbursement Letter**.**

23. **Disbursement process documentation.** Requests for payments from the Grant will be initiated through the use of WAs using any of the disbursement methods stipulated in the DFIL. The documentation supporting expenditures will be retained at PMOH PMU and readily accessible for review by the external auditors and World Bank implementation support missions. All disbursements will be subject to the conditions of the GA and disbursement procedures as defined in the DFIL.

24. There will be one separate DA account. There will be an advance amount specified in the DFIL that can be requested through the first WA. Subsequent disbursements into the DA will be requested through WAs, reconciled bank statements, copies of all bank statements and other necessary and related supporting documents. The supporting documentation for requests for direct payment should be records evidencing eligible expenditures (copies of receipt, suppliers' invoices). The DA will be held in USD. The ceilings of the DA and the financial institution at which the DA have been agreed during negotiations will be stipulated in the DFIL.

25. E-disbursement will be used to submit WAs. Under e-Disbursement, all transactions will be conducted and associated supporting documents and IFRs scanned and transmitted online using the World Bank's Client Connection system. The use of E-disbursement functionality will streamline online payment processing to: (a) avoid common mistakes in filling out WAs; (b) reduce the time and cost of sending WAs to the World Bank; and (c) expedite the World Bank processing of disbursement requests**.**

26. **Implementation Support.** At least two implementation support missions will be carried out annually and will include field visits. Bank staff based in Palestine will provide day-to-day support to the PMU at PMOH and follow-up visits or remote discussions depending on the status of the circumstances, will be conducted as needed. During the World Bank's missions, the project's FM and disbursement arrangements will be reviewed to ensure compliance with the Bank's requirements.

Procurement

27. **Applicable Procurement Regulations:** Procurement under the project will be carried out in accordance with the World Bank's Procurement Regulations for IPF Borrowers, dated November 2020. "The Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006, and revised in January 2011 and as of July 1, 2016. The Bank's Standard Procurement Documents, following open international procurement procedures, will be used for all procurement.

28. Procurement subject to national procurement procedures will be carried out following PA Public Procurement Law Number 8, which became effective on July 01, 2016, with additional provisions specified in Section V of the Bank's Procurement Regulations. The enactment of the Public Procurement Law represents a substantial improvement to the legal and institutional framework for public procurement. For the national

procurement, the Bank has agreed to the use of the National Standard Bidding Documents subject to the addendums agreed with the High Council for Public Procurement Policies and incorporating the Bank's additional requirements on eligibility, anticorruption, environmental and social safeguards.

29. **Procurement Arrangements.** The PMOH will hold the overall responsibility for procurement and contract management under the project, through the PMU which has adequate capacity and experience in the World Bank's Procurement Regulations. The PMU will continue to use the Bank's Systematic Tracking of Exchanges in Procurement system to prepare, clear, and update its Procurement Plan and document procurement transactions. For contract management, the PMU will use the new Contract Management Module which became effective in October 2022. This Module was designed to support the Bank Clients to better manage contracts and improve overall project implementation while minimizing cost and time overruns.

30. **Procurement Capacity and Risk Assessment.** A procurement capacity and risk assessment was completed by the Bank, with the purpose of identifying the specific risks and appropriate mitigation measures. At the project level, the principal risks and risk management measures are outlined below:

The key procurement risks include:

1. Restrictions on the movement of consultants and goods to Gaza, which may delay the implementation of the project, especially for the entry of medical equipment for hospitals located in Gaza.

2. Lack of proper coordination and interaction of various stakeholders may cause procurement and project implementation delay.

3. Decision-making and implementation may be challenged by the internal bureaucratic procedures of PMOH which may delay the procurement/contracts implementation.

The following key measures to mitigate procurement risks are included in the project design:

i. PMOH PMU will continue to collaborate with international agencies to facilitate the entry of goods to Gaza. Moreover, PMOH PMU shall ensure having a reasonable timeline for conducting and completing of procurement activities, in particular for the procurement of medical equipment under the project.

ii. The project implementation structure and the detailed responsibilities of the various entities shall be defined, and adequate and realistic sequencing and prioritization of actions shall be adopted.

iii. The Bank team will maintain a close follow-up and quality control of procurement/contract management matters during project supervision to ensure the efficiency of procurement decisions.

31. The overall residual procurement risk for the project is considered **Moderate**.

32. **Project Procurement Strategy for Development.** The project will finance goods, ICT, non-consulting services, and consultants' services. Envisaged procurement activities include procurement of medical and diagnostic equipment for the PHC centers and hospitals, ICT, and specialized ICT technical assistance for strengthening the existing PHC information system and improving management and quality of care in hospitals,

as well as selecting consultants for capacity-building support. In line with the World Bank Procurement Regulations, the PMOH prepared a draft PPSD to determine the most appropriate procurement arrangements, based on a market and risk analysis. The PPSD elaborates on the methods and market approach and describes the availability of suppliers/consultants for the type of procurement included in the project. The PPSD revealed, based on previous experience and testing of the market, that overall competition and availability of local suppliers are ensured.

The project does not include complex arrangements requiring specialized skills as the scope of the procurement is certain and easily quantifiable. For procurement of medical equipment under Subcomponents 1.1 and 2.1, Request for Bids competitive method will be used for the solicitation of bids since the PMOH is able to specify detailed requirements to which bidders respond in offering bids. Thresholds for the World Bank's review are described in the PPSD.

33. **Procurement Plan.** PMOH PMU prepared a draft Procurement Plan for the first 18 months of the project implementation for packages under the project components. The Procurement Plan was approved by the World Bank prior to negotiations.

ANNEX 2: Assumptions for Economic Analysis

Investment	Outcome measure	Key information and assumptions	Conservative estimate of NPV and IRR	Optimistic estimate of NPV and IRR	Midpoint estimate of NPV and IRR
Immunostain	Reduction in OMR linked to breast and prostate cancer, which are the main conditions targeted by this device	- Investment cost includes the consumables - Life cycle of the machine is 5 years - Between 5% and 15% of OMR for breast and prostate cancers are affected	6,260,000 NIS over a five-year period IRR=47%	19,900,000 NIS over a five-year period IRR=73%	13,100,000 NIS over a five-year period IRR=63%
Radiotherapy center	Reduction in OMR for radiotherapy	- Investment cost includes consumables - Standard time horizon of 10 years - 50% of the referrals from Gaza are for radiotherapy	188,000,000 NIS over a 10-year period IRR=13%	231,000,000 NIS over a 10-year period IRR=16%	
Training for cardiac catheterization	Reduction of OMR linked to this procedure	- No cost of maintenance or operation as staff is already in place - Between 10 and 20% of OMR for catheterization could be averted - Standard 10-year time horizon	30,200,000 NIS over a 10-year period IRR=44%	60,700,000 NIS over a ten-year period IRR=52%	45,400,000 NIS over a 10-year period IRR=48%
Mammography machines	Reduction in cost associated with OMR for breast cancer	- Assumed 13% of maintenance and consumables	5,430,000 NIS over a 10-year period	25,600,000 NIS over a 10-year period	15,500,000 NIS over a 10-year period

	since early diagnosis prevent referrals	- Standard 10-year time horizon - Between 5% to 15% of breast cancer referrals could be averted	IRR=8%	IRR=18%	IRR=15%
Maternity beds and incubators	Reduction in OMR linked to maternal and neonatal conditions =	- Assumed life cycle of 8 years - Assumed 10% of maintenance and consumables - Between 20 and 40% of OMR averted	1,190,000 NIS over a 10-year period IRR=6%	5,370,000 NIS over a 10-year period IRR=13%	3,280,000 NIS over a 10-year period IRR=10%
Diabetes and Hypertension control	Reduction in OMR linked to diabetes and hypertension	- Time horizon is 5 years, the life cycle of the devices - Assumed that consumables are included in the investment - Assumed 10% of maintenance - Assumed that between 20 and 25% of OMR can be averted	441,000 NIS over a 5-year period IRR=11%	972,000 NIS over a 5-year period IRR=14%	