



Additional Financing Appraisal Environmental and Social Review Summary Appraisal Stage **(AF ESRS Appraisal Stage)**

Date Prepared/Updated: 08/24/2024 | Report No: ESRSAFA811



I. BASIC INFORMATION

A. Basic Operation Data

Operation ID	Product	Operation Acronym	Approval Fiscal Year
P504704	Investment Project Financing (IPF)	PEFF AF	2024
Operation Name	Palestinian Emergency Financing Facility		
Country/Region Code	Beneficiary country/countries (borrower, recipient)	Region	Practice Area (Lead)
West Bank and Gaza	West Bank and Gaza	MIDDLE EAST AND NORTH AFRICA	Governance
Borrower(s)	Implementing Agency(ies)	Estimated Appraisal Date	Estimated Board Date
Palestinian Liberation Organization	Ministry of Finance	06-Feb-2024	20-Feb-2024
Estimated Decision Review Date	Total Project Cost		
05-Feb-2024	66,450,000.00		

Public Disclosure

Proposed Development Objective

To contribute to service delivery in the West Bank.

B. Is the operation being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

Yes

C. Summary Description of Proposed Project Activities

This operation will provide \$80 million to sustain critical service delivery in the Palestinian territories due to the ongoing conflict and its knock-on effects on the West Bank. The situation has resulted in a dire fiscal crisis for the Palestinian Authority, impacting its ability to pay salaries, risking the provision of key public services. The emergency operation will support service delivery by partially financing eligible staff salaries in the education and health sectors,



through 100 percent retroactive financing. The project will provide partial reimbursement for the payment of the salaries of education and health employees in the West Bank.

D. Environmental and Social Overview

D.1 Overview of Environmental and Social Project Settings

Like the parent project and the first AF, the PEFF Second Additional Financing Project will continue to be implemented exclusively within the West Bank and does not involve any physical works or other activities that might result in physical environmental impacts.

The situation in the West Bank has been particularly strained since the conflict in Gaza beginning in October 2023, which exacerbated the already critical security and economic conditions. The PA has faced escalating difficulties in disbursing salaries to public sector employees which has directly impacted the delivery of essential public services in both education and healthcare sectors. For instance, salary disbursements have been irregular, with significant shortfalls that began in October 2023, where salaries were only partially covered through loans from commercial banks. In subsequent months, this precarious fiscal situation persisted, leading to partial payments or no payments in certain instances.

In the education sector, the ongoing financial instability has forced schools to intermittently shift to distance learning modalities and later, to a partial resumption of physical classes. Due to similar challenges within the health sector the delivery of medical services is also increasingly compromised due to financial constraints. Since November 2023, and due to the cuts in salaries to civil servants, a government decree was issued which allowed civil servants to work two days a week instead of the regular five until such time as payments become more regular. Public health facilities have, therefore, been open approximately eight days per month. In spite of this and due to the high demand, visits to public health facilities have not decreased significantly.

Exactly like the first AF, the second AF focuses on supporting the PA and financing eligible staff salaries in the health and education sectors in the West Bank. The second additional financing represents a significant scaling up of the project components to US \$146.65 million. The project will support the salaries of approximately 8,000 healthcare workers in addition to around 45,000 education sector employees. This is particularly crucial as it aims to prevent further deterioration in public health and education services, which are pivotal during times of conflict and economic instability.

Like the first AF, the second AF comprises of the same two components; component 1 - Education and Health Sector Employees' Salaries, will support a 100% retroactive financing for partial payment of the salaries of healthcare and education sector employees. Project beneficiaries include briefly; (i) education employees in the West Bank, including staff that work in institutions providing basic, secondary, pre-primary, and vocational education. Employees include teachers and other staff including school principals, janitors, administrative assistants, counselors and other support staff, and (ii) health sector employees who are staff working in hospitals, primary health care centers and other public health institutions located in the West Bank, including doctors, nurses, technical specialists, administrative staff, janitors, counselors, and other support staff. Component 2 - Project audit, covers the cost of the audit required for



the project and will be scaled up to US \$40,000 to expand the coverage of the audit to the additional health and education sector employees' salaries covered under the first and second AF. The second AF will continue relying on the existing implementation arrangements in MoF under the parent project and first AF. The second AF will have a closing date of December 31, 2024 and a projected date for full disbursement of September 30, 2024.

D.2 Overview of Borrower's Institutional Capacity for Managing Environmental and Social Risks and Impacts

Like the parent project, the second AF will also be implemented by the MoF. The Directorate General of International Relations and Projects (DGIRP) at MoF will be the Project Implementation Unit (PIU) and will oversee project implementation, monitor progress, and ensure prompt delivery and reporting. The environmental and social (E&S) performance of the parent project is "satisfactory" across all relevant standards and ESCP commitments are on track. Briefly, MoF assigned an E&S specialist already engaged with the Ministry for Environmental and Social Framework (ESF) implementation. A social audit covering the parent project and the first AF was completed and a report submitted for Bank review in July 2024. The report will be cleared for disclosure by the second AF Project Effectiveness. The corrective actions of the social audit will also apply to the second AF and have been included in the second AF ESCP. (see ESS1 for details) Details about the eligibility criteria, grievance redress and information disclosure/beneficiary feedback mechanisms, and applicable requirements of ESS2 (also including code of conduct, workers' grievance mechanism) were included in the Project Operations Manual (POM) which was cleared by the Bank at the end of February 2024. Finally, the project is using the grievance and information dissemination/beneficiary feedback mechanisms already established and functioning at MoF. No project related complaints have been received thus far.

Overall, MoF has developed satisfactory capacity for management of E&S risks and impacts in accordance with the ESF over the last few years. In addition to PEFF, MoF is also currently implementing the World Bank-funded West Bank Emergency Social Protection Covid-19 Response Project (P174078, parent project) and its two AFs (P176199 and P181573) under ESF. MoF is also overseeing the management of the World Bank financed Real Estate Registration Project (P168576) which is under the Bank's old safeguards policies. These projects are being implemented through a Project Coordination Unit (PCU) established at the MoF. The PCU has developed adequate and dedicated capacity for E&S risk management.

According to the ISR of May 2024, the overall E&S progress of MoF implemented projects is assessed as satisfactory. The PEFF parent project and first AF also require a project audit and payroll verification which will be extended to cover the second AF and will be due within a reasonable deadline to ensure they are completed in a satisfactory manner.

For the parent project/PEFF and the first AF, MoF assigned one of the PCU E&S specialists as a focal person for E&S management. Likewise, an E&S specialist at the PCU has been assigned as a focal person for E&S management of the second AF as the E&S specialist for the parent project and the first AF resigned. The Bank team will also continue to provide support (as required) during project implementation.



II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Moderate

A.1 Environmental Risk Rating

Low

The AF project is assessed to be of low environmental. The project will not support any kind of physical works or envisage any other kind of activities that may cause direct or indirect environmental impacts.

A.2 Social Risk Rating

Moderate

The second AF will benefit the families of approximately 45,000 eligible education and 8,000 eligible health personnel in the West Bank, and is not expected to have any adverse irreversible social impacts. Potential social risks of the parent project and first AF also pertain to the second AF and include the primary risk of exclusion of eligible beneficiaries (see ESS1); risks of management of project workers (see ESS2); project related safety risks of beneficiaries (eligible health and education sector employees, see ESS4); and information disclosure/feedback and grievance redress (see ESS10). Like the parent project, management of AF related risks will be done through established and functioning mechanisms/systems at MoF.

B. Environment and Social Standards (ESS) that Apply to the Activities Being Considered

B.1 Relevance of Environmental and Social Standards

ESS1 - Assessment and Management of Environmental and Social Risks and Impacts

Relevant

The second AF project is assessed to be of low environmental and moderate social risk, and the overall E&S risk is moderate. The project will not support any kind of physical works or envisage any other kind of activities that may cause direct or indirect environmental impacts. The second AF is designed to support approximately 53,000 public sector employees (45,000 in education and 8,000 in health sectors), by ensuring the continuity of essential services through a 100% retroactive financing of salaries. The financing will cover salary payments for all 8,000 health sector employees for the months of April 2024 and May 2024 at 60 percent of monthly salary, and June 2024 at 70 percent of monthly salary. It will also cover salary payments for the 45,000 education sector employees for the months of March 2024 at 50 percent of monthly salary, April 2024 and May 2024 at 60 percent of monthly salary, and June 2024 at 70 percent of monthly salary. The second AF will maintain eligibility criteria established under the parent project and first AF. The eligibility criteria are detailed in the POM and include, (i) education employees in the West Bank including staff that work in institutions providing basic, secondary, pre-primary, and vocational education as defined in the Education Sector Strategic Plan (ESSP). Employees include teachers and other staff including school principals, janitors, administrative assistants, counselors and other support staff, and (ii) health sector employees who are staff working in hospitals, primary health care centers and



other public health institutions located in the West Bank, including doctors, nurses, technical specialists, administrative staff, janitors, counselors, and other support staff. The project audit to verify the eligibility of salary payments and the status of beneficiary civil servants across education and health sectors will be scaled up to expand the coverage of the audit to the additional health and education sector employees' salaries covered under the first and second AF. A social audit covering the parent project and the first AF was completed and a report submitted for Bank review in July 2024. The social audit verified that the social issues such as grievance redress, project related safety issues of beneficiaries, and information disclosure/feedback have been complied with in accordance with the ESSs. The social audit also identified a few areas that can be strengthened to improve effectiveness of the system including (a) enhancing public awareness of the GM through further dissemination of information about available complaint tools and procedures, including SEA/SH uptake channels and referral pathways, and (b) strengthening mechanisms for engaging and receiving feedback from beneficiaries. These corrective actions have been reflected in the second AF ESCP to be implemented by the MoF. The parent project ESCP has been updated for the second AF and will be reviewed and cleared by the Bank and disclosed by project appraisal. Among other aspects, the ESCP lays out the principles for management of project workers, information disclosure/feedback and grievance redress and implementation of the social audit's corrective actions. A Stakeholder Engagement Plan (SEP) for the first AF was prepared and disclosed on June 04, 2024. This SEP will also be used for the second AF. An addendum to the SEP including a summary of consultations held during the second AF preparation has been prepared and disclosed on August 19, 2024. (see ESS10). The project POM will also be applicable for the second AF and together the ESCP and POM will ensure that the second AF is also implemented in accordance with ESF requirements. All E&S issues are expected to be addressed during project implementation and no pending issues are anticipated at time of project closing.

Public Disclosure

ESS10 - Stakeholder Engagement and Information Disclosure

Relevant

Project beneficiaries include eligible Palestinian Authority MoE and MoH employees in the West Bank. The second AF will also benefit students, their families, and the general population through continued delivery of education services; and the sick, injured, persons requiring medical care (including but not limited to Mental Health and Psychosocial Support Services (MHPSS), Primary Healthcare (PHC), family planning, surgeries etc.) and the general population through continued access to healthcare services. Parties interested include (but are not limited to) families of project beneficiaries, government agencies such as MoF, MoE, and MoH, Ministry of Labor (MoL) Ministry of Social Development (MoSD), teachers' representative associations/unions, medical workers' representative associations/ unions, Community Based Organizations (CBOs) working in education such as Teacher's Creativity Center, CBOs working in the health sector such as Juzoor and the Palestinian Red Crescent Society (PRCS), Non-Governmental Organizations (NGOs), International NGOs (INGOs), donors, and the media. Vulnerable categories (within both the education and health personnel) include (but not limited to) women headed households, economically disadvantaged households, households with family members with disabilities, and households in areas affected by security challenges. The SEP prepared for the parent project and the first AF will also be used for second AF. Given the



continuing security challenges and movement restrictions across the West Bank and the emergency nature of the project, it was not possible to organize regular or in-person stakeholder consultation sessions. During preparation of the second AF, bi-lateral high-level consultations were conducted during the week of August 12, 2024 (prior to appraisal) to get feedback about the project. Specifically, consultations were held with representatives of: (i) MOF (Public Relations Unit, Payroll Directorate, and the PCU); (ii) MoE (Administrative affairs, and the PMU); and (iii) MoH: (Human Resources Directorate and the PMU). During the meetings, participants discussed the proposed second AF and the progress of the first AF. Participants enquired if an audit will be conducted for the second AF and were informed that the project audit from the parent project and first AF will be expanded to cover the health sector employees' salaries as well as the education employees covered under the second AF. The project team also shared information about the auditor's report for the parent operation. Like the parent project and the first AF, project affected parties will be able to raise their concerns and submit their inquiries or complaints regarding payments through the MoF Complaint Unit. Other types of complaints such as related to hiring, job advancement, promotions etc. are handled by the complaints units of respective ministries (MoE for education staff and MoH for health staff) as agreed with both ministries. The GM for the parent project will be used for the second AF. Project beneficiaries can submit their complaints electronically via the electronic grievance form that is available at the MoF website <http://www.pmf.ps/pmf/internal.php?var=60> available through the "Contact Us" page, or through the government electronic complaint portal available at the <https://cs.pmo.gov.ps/>. Complainants can reach out to the Head of the Complaint Unit at the MoF, to file a complaint in person. Complainants can also file a complaint through email at ikhlasbader2018@gmail.com or reach out to the Head of the Complaint Unit on the mobile number at +972 (0) 599370517. The GM also includes uptake channels for SEA/SH related grievances. SEA/SH complaints are processed at the unit level in cooperation with MoF's gender unit. During the period June 1 to August 19, 2024, the Complaint Unit at the MoF received two complaints. One complaint was about a deduction by the complainant's local bank (for repayment of a loan) and therefore not admissible or related to the payroll and payment of salaries by MoF. This complaint was closed on August 1, 2024 and the complainant was informed of the decision and advised to contact the concerned entity (in this case the complainant's local bank). A second complaint, received on August 1, 2024, was regarding an error in MoF's calculation of a teacher's (the complainant) years of service. The matter is currently under review by the Payroll Department at MoF and is expected to be resolved by the end of August 2024. The complainant was informed that the complaint is currently being addressed and the error will be rectified by the end of the month. Grievances will be resolved in accordance with the process outlined in the SEP and prior to project closing. Finally, the social audit conducted for the parent project and first AF recommended that, in order to improve effectiveness of the system, public awareness of the project's GM and the mechanisms for engaging and receiving feedback from beneficiaries should be further enhanced. Implementation of social audit corrective actions have been added in the second AF ESCP.

ESS2 - Labor and Working Conditions

Relevant



Similar to the parent project and first AF, project workers include MOF staff (e.g. managers, IT operators, payroll officers, GM staff); and any contracted workers of the audit firm engaged to work in relation to the PEFF audit. In accordance with ESS2, MOF workers (civil servants) will remain subject to the terms and conditions of their employment. The provisions of ESS2 related to protection in the work force (i.e. regarding child labor, minimum age and forced labor) and OHS will apply to such agency employees. Specifically, paragraph 8 and provisions of paragraphs 17 to 20 (Protecting the Work Force) and paragraphs 24 to 30 (Occupational Health and Safety) of the ESF are applicable for civil servants. Similarly, the eligible education and health personnel receiving retroactive project support are considered beneficiaries of the project and are subject to the terms of their employment. ESS2 provisions (including for workers' grievance redress) will apply to the audit firm workers engaged in relation to the PEFF audit that will be expanded to cover the second AF. These provisions are described in the POM.

ESS3 - Resource Efficiency and Pollution Prevention and Management

Not Currently Relevant

ESS3 is not relevant. The standard is considered not relevant as the AF project will not involve any civil works or procurement of equipment or issues related to use of natural resources or disposal of waste. Therefore, the AF project will not involve any activities with potential risks or impacts associated with resource use and environmental pollution.

ESS4 - Community Health and Safety

Relevant

ESS4 is relevant and concerns potential project related safety risks (pertaining to receipt of salary and for the retroactive financing period, also including SEA/SH) of beneficiaries (eligible education and health sector employees). No safety incident was highlighted during the social audit for the parent project and first AF. The social audit activity for the second AF will also verify occurrence of any project related beneficiary safety issues and provide recommendations and corrective actions (if any).

ESS5 - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

Not Currently Relevant

ESS5 is not relevant. No land acquisition or resettlement is required under the project.

ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources

Not Currently Relevant

As the AF project will not support any civil works or procurement of equipment, the standard is not relevant.

ESS7 - Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

Not Currently Relevant

This standard is not relevant. There are no known indigenous peoples/sub-Saharan African Historically Underserved Traditional Local Communities in Palestine.

Public Disclosure



ESS8 - Cultural Heritage

Not Currently Relevant

ESS8 is not relevant. No tangible or untangle cultural heritage are expected to be impacted by the AF project activities.

ESS9 - Financial Intermediaries

Not Currently Relevant

Not relevant. No financial intermediaries are part of the AF project.

B.2 Legal Operational Policies that Apply

- OP 7.50 Operations on International Waterways**
- OP 7.60 Operations in Disputed Areas**

B.3 Other Salient Features

Use of Borrower Framework

In Part

Borrower Framework will be partly used for managing project-related grievances and providing feedback to beneficiaries through the Borrower’s (MOF) complaint management and feedback system. Additional project-specific measures (for management and protection of workers) have been developed to meet the Environmental and Social Standards (ESS2) and are included in the POM and the ESCP.

Use of Common Approach

No

Common approach is not considered

C. Overview of Required Environmental and Social Risk Management Activities

C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required by implementation?

None required

III. CONTACT POINT

World Bank

Task Team Leader:	Mohammad Ali Mousa Jaber	Title:	Financial Management Specialist
Email:	mohammadjaber@worldbank.org		

Public Disclosure



TTL Contact: Riham Hussein

Job Title: Senior Governance Specialist

Email: rhussein2@worldbank.org

IV. FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

V. APPROVAL

Task Team Leader(s): Mohammad Ali Mousa Jaber, Riham Hussein

ADM Environmental Specialist: Manal M F Taha

ADM Social Specialist: Najm-UI-Sahr Ata-Ullah

Public Disclosure