## BASIC INFORMATION

### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
<th>Project Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Bank and Gaza</td>
<td>P180263</td>
<td></td>
<td>West Bank and Gaza Health System Efficiency and Resiliency Project (P180263)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MIDDLE EAST AND NORTH AFRICA</td>
<td>Feb 15, 2023</td>
<td>Mar 31, 2023</td>
<td>Health, Nutrition &amp; Population</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Financing Instrument</th>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Project Financing</td>
<td>Ministry of Finance</td>
<td>Ministry of Health</td>
</tr>
</tbody>
</table>

### Proposed Development Objective(s)

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

### PROJECT FINANCING DATA (US$, Millions)

#### SUMMARY

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (US$ Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost</td>
<td>10.00</td>
</tr>
<tr>
<td>Total Financing</td>
<td>10.00</td>
</tr>
<tr>
<td>of which IBRD/IDA</td>
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</tr>
<tr>
<td>Financing Gap</td>
<td>0.00</td>
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</table>

#### DETAILS

<table>
<thead>
<tr>
<th>Non-World Bank Group Financing</th>
<th>Amount (US$ Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust Funds</td>
<td>10.00</td>
</tr>
<tr>
<td>Special Financing</td>
<td>10.00</td>
</tr>
</tbody>
</table>
Substantial

Other Decision (as needed)

B. Introduction and Context

Country Context

1. Established after the Oslo Accords of 1993, the Palestinian Authority (PA) assumes civilian responsibility for most of the Palestinian residents. Its security powers, however, are limited to the major urban centers. In the absence of a peace agreement, a deteriorating status quo has developed. Since 2000, substantial restrictions on movement and access were imposed, further fragmenting the Palestinian territories into small enclaves. Furthermore, the political divide in 2007 and the recurrent conflicts in Gaza have had a devastating impact on the economy. Despite several reconciliation attempts, no progress has been made.

2. During this time, the Palestinian economy has experienced modest growth but progress in other socioeconomic indicators has been slow. In the 2010-2018 period, the economy grew on average at 4.7 percent per year. Growth has been negatively impacted by various factors which include the 2014 conflict, the restrictions of movement of people and goods between the Gaza Strip and the West Bank, and a significant decline (about 80 percent in a decade) in foreign aid. According to the latest Ad Hoc Liaison Committee (AHLC) report prepared in 2022, around 27 percent of Palestinians lived below the upper-middle income poverty line ($5.5 2011 PPP a day).

3. The movement and trade restrictions have created a significant socioeconomic disparity between the West Bank and the Gaza Strip. The most recent values show that per-capita GDP in the West Bank is now more than twice that in Gaza, where GDP per capita is US$876 compared to the West Bank’s US$1,924. The restrictions have also led to steep differences in the poverty levels between the two territories which are significantly more concentrated in Gaza, where 80 percent of its residents are dependent on international aid. At the peak of economic restrictions, the pandemic pushed more than 110,000 Palestinians into poverty, bringing poverty rates to 19.1 percent in the West Bank and 61.1 percent in Gaza (35.6 percent nationally). Gazans also have limited access to health care, safe water, and electricity.

4. The COVID-19 pandemic exacerbated existing economic and social challenges. Preexisting constraints on the Palestinian economy, including Israeli authorities’ restrictions on trade, movement and access; recurrent hostilities; internal fragmentations; and falling aid inflows were exacerbated as a result of the pandemic. The economy witnessed a sharp decline, with real GDP contracting by 11.3 percent in 2020. Moreover, unemployment in West Bank reached 13.8 percent in Q2 2022 while in Gaza it was 44.1 percent, reflecting the difficult social and economic conditions caused by the ongoing Israeli movement and access restrictions.

1 According to the Palestinian Authority, donor support fell by almost 80 percent in a decade as reported in the Government of Palestine: Reform Agenda presented to the AHLC meeting in May 2022.
2 Economic Monitoring Report to the Ad Hoc Liaison, September 2022.
3 Economic Monitoring Report to the Ad Hoc Liaison, September 2022.
5. The Palestinian economy has started its recovery from the pandemic. The roll-out of the vaccination campaign and the easing of lockdowns allowed consumer confidence to slowly improve, and business activity to gradually rebound. The official data for Q1 2022 shows that the real Gross Domestic Product (GDP) grew by 5.7 percent, year-on-year (y-o-y), driven by the services and industry sectors. Estimates for 2022 point to a 3.5 percent increase in GDP. Each of the territories saw significant variations in growth rates, West Bank grew by 5.6 percent and Gaza by 6.1 percent in Q1 2022. Growth in the West Bank was mostly driven by consumption due to the ease of COVID-related measures and an increase in the number of Palestinians working in Israel. However, in Gaza, despite an increase in public spending in Gaza and some reconstruction efforts, slow growth was mainly due to the impact of the May 2021 conflict.

Sectoral and Institutional Context

6. The Palestinian health system faces unique constraints due to the protracted conflict and limited health system inputs, coupled with a high burden of non-communicable diseases (NCD). Even as health is one of the core service delivery functions of the PA, there are substantial structural impediments to effective service delivery. The continuing restrictions on movement and access, ongoing fiscal pressures, and ongoing escalations in conflict have weakened the health system and its ability to deliver quality health care services. 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. However, the under-5 mortality rate and stunting remain below regional averages. The maternal mortality ratio of 48 per 100,000 live births is below most comparator countries; however, it has increased substantially since 2017, 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 prevalence is high, at 108 per 100,000 population in 2021. The most common cancers in 2021 were breast cancer, colorectal cancer, and lung cancer. The prevalence of diabetes was at 15 percent, which is higher than the global rate of 6 percent. 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.

7. COVID-19 has caused another shock to the Palestinian health system, with high morbidity and low vaccination rates. As of November 1, 2022, there has been a total of 703,036 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 in the Gaza Strip, highlighting the burden in the conflict-impacted area. As of end-February 2022, 39 percent of the population has received at least one dose and 34 percent has been fully vaccinated, which is lower than many countries in the Middle East and North Africa region. In 2021, 26 percent of the mortality in West Bank and Gaza was due to COVID-19.

8. 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 outside medical referrals (OMR), leaving limited space for investments to strengthen essential public service delivery at primary and tertiary levels. About 80 percent of the

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4 Around 43 percent of the population has received at least one dose of the vaccine, but estimates suggest that there are sufficient vaccine doses to meet vaccination needs only up to mid-2022
5 Economic Monitoring Report to the Ad Hoc Liaison, September 2022.
7 [https://ourworldindata.org/coronavirus/country/palestine](https://ourworldindata.org/coronavirus/country/palestine)
The World Bank
West Bank and Gaza Health System Efficiency and Resiliency Project (P180263)

population is covered under a health insurance scheme; however, due to fragmented schemes and low levels of effective financial risk protection, 41 percent of current health expenditures are financed by households\(^9\). The recurrent conflict in Gaza has further amplified financing needs and gaps, 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\(^{10}\). This corresponds to about 20 percent of total annual health spending in Gaza, highlighting the immense financing burden especially against the backdrop of COVID-19.

9. **Palestinian primary health care (PHC) system is unable to reduce 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. PHC services are provided in 765 PHC centers—606 centers in the West Bank and 159 centers in Gaza Strip – 491 of which are operated by the PMOH\(^{11}\). PMOH PHC centers are classified in four levels, based on the scope of the services they provide. About 65 percent of the PMOH PHC centers are classified as level 1 (providing immunization, health education, mother and child health care services, without physicians), or level 2 (additionally providing general practice and laboratory services, without full time availability of a physician). The current PHC structure, characterized by fragmentation, focuses strongly on maternal and child health and communicable diseases services. 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.

10. **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 West Bank and Gaza, which is substantially lower than the 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 West Bank\(^{12}\), 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 in 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 worsens health outcomes. Human resources for health (HRH) capacity is another binding constraint, with substantial shortages in terms of specialists delivering oncology and cardiology services, particularly in Gaza.

11. **Analytical and operational World Bank engagement over the past two decades has strengthened service delivery.** Over the past two decades, the World Bank has maintained a continuous engagement in West Bank and Gaza through operational projects and analytics, resulting in substantial impact and key systemic policy changes. Most recently, the Health System Resiliency Strengthening Project (HSRSP) (P150481, US$8.5 million), which closed in May 2022, provided emergency funding for hospital operations in the Gaza strip and assisted the PMOH to strengthen its purchasing function and hospital capacity. The project has contributed to a reduction in the

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\(^{9}\) 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.


\(^{12}\) PMOH, Hospital Master Plan, 2022. The plan is in the process finalization and will also include Gaza in the coming months.
volume and cost of OMR by over 20 percent, through purchased medical equipment, consolidated procurement, and piloted contracts with hospitals providing tertiary care. It has also supported the launch and scale-up of health information systems, particularly for health insurance and OMR. The Emergency COVID-19 Response Project (ECRP) (P173800, US$8.75 million, including additional financing) has been supporting key clinical inputs for COVID-19 response. Under the Improving Early Childhood Development Project (IECDP) in West Bank and Gaza (P168295, US$9 million) operation, key parenting interventions focusing on child feeding practices and early stimulation are being strengthened using the existing service delivery network.

Relationship to CPF

12. The proposed project is aligned with the Assistance Strategy (AS) for FY22-25 (Report No. 156451-GZ) and the World Bank Group’s enlarged MENA Regional Strategy (2019). The proposed project directly contributes to the first focus area of the AS on achieving better health development outcomes by focusing prioritizing investments in health to promote human capital, particularly in a Fragility, conflict and violence (FCV) context and on achieving better human development outcomes and strengthening resiliency across the health system. It is also aligned with the World Bank Group’s enlarged Middle East and North Africa (MENA) Regional Strategy (March 2019), which emphasizes human capital development as well as the World Bank Group Goals to end extreme poverty and promote shared prosperity. The proposed project also aligns with the World Bank Health, Nutrition and Population (HNP) strategy, which features the strengthening of well-organized and sustainable health systems as a key strategic direction. Additionally, the project also 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’. 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) which centers on developing human capital as part of its core strategy.

C. Proposed Development Objective(s)

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

Key Results (From PCN)

<table>
<thead>
<tr>
<th>Expected outcome</th>
<th>Proposed results indicator</th>
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</thead>
<tbody>
<tr>
<td>PDO : Improving the quality, efficiency and resiliency of public health service delivery</td>
<td>PDO indicators</td>
</tr>
<tr>
<td></td>
<td>• Percentage of public PHC facilities providing services as per agreed standards of care (quality)</td>
</tr>
<tr>
<td></td>
<td>• Average annual growth rate of total OMR expenditures for conditions targeted by the project (efficiency)</td>
</tr>
</tbody>
</table>

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### Component 1: Scaling up of cost-effective public primary health care services

**Intermediate Indicators**
- Number of public PHC facilities using the unified electronic health records system
- Percentage of hypertensive patients who are routinely monitored at family health centers in targeted governorates
- Number of health staff (physicians and nurses) trained in family health care practice

#### 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 ICU units in public hospitals expanded in high-need areas
- Number of neonatal incubators in high-need areas
- Number of total public hospital beds in high-need areas

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

### D. Concept Description

13. **Building on the success and lessons learned of the HSRSP as well as the COVID-19 Response Project, the proposed operation will strengthen the quality, efficiency, and resiliency of health service delivery.** The Health System Efficiency and Resiliency Project (HSERP) builds on the successes and lessons of the HSRSP. These investments will reach the objectives through strengthening the three following outcomes of the health system:

- **Quality of 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;
- **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
- **Resiliency** of health service delivery through improving the capacity of service delivery at all levels, improving access to scaled up services across West Bank and Gaza, which would enable the health system to ensure continued access to quality services despite the system’s vulnerability to shocks.

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16 Comprehensive primary health care services are defined as the package of services provided by the level 3 primary health care centers, including preventive (mother and child health care, immunization, family planning, NCDs and health education) and curative services (family/general practice medical care, specialist services, and laboratory services).

17 Targeted governorates will be defined during preparation. Routine monitoring entails measurement of blood pressure at a family health center at least once in last 12 months, as well as its recording in the patient electronic medical records.
Project Components

14. **The project will consist of four components.**

15. **Component 1: Scaling up cost-effective public primary health care services.** This component will contribute towards building resiliency by ensuring availability of quality PHC 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. Component 1 will included the following subcomponents:
   - Subcomponent 1.1. Delivery of comprehensive public primary health care services (US$3.25 million).
   - Subcomponent 1.2. Strengthening information systems and quality of primary health care (US$2 million).

16. **Component 2: Improving public hospital service delivery.** Substantial investments are needed to improve hospital capacity in West Bank and Gaza, and this component will complement PMOH efforts in doing so. This will result in increased resiliency and efficiency for the health system. A key tenet of resiliency is the ability to access care without facing substantial access barriers, and the expansion of hospital capacity in targeted high-need areas. Component 2 will include the following subcomponents:
   - Subcomponent 2.1: Purchasing of medical equipment to expand hospital capacity in high-need areas.
   - Subcomponent 2.2: Strengthening management and quality of care in hospitals.

17. **Component 3: Project Implementation and Monitoring.** 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).

18. **Component 4: Contingent Emergency Response Component (CERC).** 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.

<table>
<thead>
<tr>
<th>Legal Operational Policies</th>
<th>Triggered?</th>
</tr>
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<tbody>
<tr>
<td>Projects on International Waterways OP 7.50</td>
<td>No</td>
</tr>
<tr>
<td>Projects in Disputed Areas OP 7.60</td>
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</table>

**Summary of Screening of Environmental and Social Risks and Impacts**

The overall environmental and social (E&S) risk at Concept stage is rated Substantial. The environmental risk is assessed as substantial and includes issues related to: (i) Occupational Health and Safety (OHS) due to testing and handling of supplies and equipment during treatment, as well as due to the minor construction 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 (ARAs), 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 and waste from vaccination, and privacy and data misuse issues during electronic record keeping. The sexual exploitation and abuse and sexual harassment (SEA/SH) risk at Concept stage is rated as moderate using the Bank’s SEA/SH risk screening tool for the health sector. The SEA/SH risk will be further assessed and updated as required during project preparation.

The E&S risks and impacts will be assessed during project preparation and requisite measures for (but not limited to) infection prevention and control improvements in health facilities; assessment and mitigation of OHS risks; medical waste management; labor management; community health and safety; prevention of SEA/SH (commensurate with the level of risk) and data privacy; enhancing access of women and vulnerable groups to project benefits; and information dissemination and stakeholder engagement etc. will be 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 will be prepared by MoH, consulted on, reviewed and cleared by the Bank, and disclosed in-country and on the Bank system by project appraisal. Commitments to implement the project in accordance with the requirements of the Bank’s ESF will be included in the project’s Environmental and Social Commitment Plan (ESCP) which will be prepared by MoH, reviewed and cleared by the Bank, and disclosed by project appraisal. Finally, measures to enhance inclusion of vulnerable groups will primarily be addressed through project design, and the identification of such groups and an assessment of their needs and corresponding recommendations will be included in the ToRs for the detailed design and/or Standard Operating Procedures (SOPs) for implementation of relevant activities.

The PIU has engaged an Environmental and Health and Safety Officer (EHSO) to ensure implementation of E&S requirements. The 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 need to enhance the current E&S capacity of the PIU, for effective implementation of the new operation, will be assessed during project preparation and requisite capacity enhancement measures, if any, will be identified.

Under the Covid-10 health project, functioning grievance mechanisms (GMs), with special features to address SEA/SH related complaints, are in place for both project beneficiaries and workers. These GMs will be improved and strengthened, as required, and will be used for the health system efficiency project. Details of the beneficiary and workers' GMs will be included in the project SEP and LMP respectively, and commitments to ensure that GMs remain operational throughout the project will be included in the ESCP.
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APPROVAL

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