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PROJECT APPRAISAL DOCUMENT  
ON A  
PROPOSED GRANT

IN THE AMOUNT OF USD 17 MILLION

FROM THE TRUST FUND FOR GAZA AND WEST BANK

TO THE

NGO DEVELOPMENT CENTER (NDC)

FOR A

GAZA EMERGENCY CASH FOR WORK AND SELF-EMPLOYMENT SUPPORT

July 30, 2018

Social Protection & Labor Global Practice  
Middle East And North Africa Region

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CURRENCY EQUIVALENTS  
(Exchange Rate Effective July 18, 2018)

Currency Unit = Israeli New Shekel (ILS)

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ILS 1 = US\$0.27

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US\$1 = ILS 3.64

FISCAL YEAR  
January 1 – December 31

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## ABBREVIATIONS AND ACRONYMS

AC	Advisory Committee
AS	Assistance Strategy
C-GAP II	Second Country Gender Action Plan
CT	Cash Transfers
CTP	Cash Transfer Program
C4W	Cash for Work
DA	Designated Account
EU	European Union
FCV	Fragile, Conflict and Violence
FM	Financial Management
GA	Grant Agreement
GDP	Gross Domestic Product
GNI	Gross National Income
GP	Global Practice
GRS	Grievance Redress Service
IA	Implementation Agreement
ICT	Information and Communication Technology
IFR	Interim Financial Report
IPSD	Innovative Private Sector Development
ISP	Implementation Support Plan
ISR	Implementation Status and Results Report
IT	Information Technology
LFP	Labor Force Participation
M&E	Monitoring and Evaluation
MDP	Municipal Development Project
MENA	Middle East and North Africa
MoFP	Ministry of Finance and Planning
MoL	Ministry of Labor
MoSD	Ministry of Social Development
MOU	Memorandum of Understanding
MTR	Midterm Review
NDC	NGO Development Center
NEET	Not in Education, Employment, or Training
NGOs	Nongovernmental Organizations
NPA	National Policy Agenda
PA	Palestinian Authority
PCBS	Palestine Central Bureau of Statistics
PECS	Palestinian Expenditure and Consumption Survey
PDO	Project Development Objective
PIA	Project Implementation Agency
PNGOs	Palestinian Non-Governmental Organizations
POM	Project Operations Manual
PT	Palestinian territories

SOEs	Statement of Expenditures
SORT	Systematic Operations Risk-Rating Tool
SPEP	Social Protection Enhancement Project
TA	Technical Assistance
TFGA	Trust Fund Grant Agreement
TFGWB	Trust Fund for Gaza and West Bank
UN	United Nations
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
WA	Withdrawal Application
WBG	World Bank Group
WB&G	West Bank and Gaza



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DATASHEET

**BASIC INFORMATION**

Country(ies)	Project Name		
West Bank and Gaza	Gaza Emergency Cash for Work and Self-Employment Support		
Project ID	Financing Instrument	Environmental Assessment Category	Process
P167726	Investment Project Financing	C-Not Required	Urgent Need or Capacity Constraints (FCC)

**Financing & Implementation Modalities**

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Disbursement-linked Indicators (DLIs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input checked="" type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	

Expected Approval Date	Expected Closing Date
10-Aug-2018	31-Oct-2021

Bank/IFC Collaboration

No

**Proposed Development Objective(s)**

To provide target youth in Gaza with short-term income support and increased access to internet-enabled self-employment opportunities



**Components**

Component Name	Cost (US\$, millions)
Component 1: Cash for Work (C4W)	12.50
Component 2: Internet-enabled self-employment (e-work)	3.00
Component 3: Project Management, Monitoring and Evaluation	1.50

**Organizations**

Borrower:	NGO Development Center
Implementing Agency:	NGO Development Center (NDC)

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

**SUMMARY**

<b>Total Project Cost</b>	17.00
<b>Total Financing</b>	17.00
<b>of which IBRD/IDA</b>	0.00
<b>Financing Gap</b>	0.00

**DETAILS**

**Non-World Bank Group Financing**

Trust Funds	17.00
Special Financing	17.00

**Expected Disbursements (in US\$, Millions)**

WB Fiscal Year	2019	2020	2021	2022
<b>Annual</b>	8.00	7.00	1.30	0.70
<b>Cumulative</b>	8.00	15.00	16.30	17.00



**INSTITUTIONAL DATA**

**Practice Area (Lead)**

Social Protection & Labor

**Contributing Practice Areas**

**Climate Change and Disaster Screening**

This operation has not been screened for short and long-term climate change and disaster risks

Explanation

N.A.

**Gender Tag**

**Does the project plan to undertake any of the following?**

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF	Yes
b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment	Yes
c. Include Indicators in results framework to monitor outcomes from actions identified in (b)	Yes

**SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)**

Risk Category	Rating
1. Political and Governance	● High
2. Macroeconomic	● High
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Low
5. Institutional Capacity for Implementation and Sustainability	● Moderate
6. Fiduciary	● Substantial
7. Environment and Social	● Low
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

**Safeguard Policies Triggered by the Project**

Yes No

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01		✓
Performance Standards for Private Sector Activities OP/BP 4.03		✓
Natural Habitats OP/BP 4.04		✓
Forests OP/BP 4.36		✓
Pest Management OP 4.09		✓
Physical Cultural Resources OP/BP 4.11		✓
Indigenous Peoples OP/BP 4.10		✓
Involuntary Resettlement OP/BP 4.12		✓
Safety of Dams OP/BP 4.37		✓
Projects on International Waterways OP/BP 7.50		✓
Projects in Disputed Areas OP/BP 7.60		✓

**Legal Covenants**

**Sections and Description**

Schedule 2 – Section I A3. The Recipient shall, no later than four (4) months after the Effective Date, hire an independent external auditor responsible for carrying out a quarterly spot check audit, and an annual audit of the Selected NGOs and Selected Service Providers, on terms of reference acceptable to the World Bank, which shall not be amended, throughout the life of the Project, without the approval of the World Bank.

**Sections and Description**

Schedule 2 – Section II A1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators agreed with the World Bank. Each Project Report shall cover the period of six (6) months, and shall be



furnished to the World Bank not later than forty five (45) days after the end of the period covered by such report.

**Sections and Description**

Schedule 2 – Section II B2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

**Sections and Description**

Schedule 2 – Section II B3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

**Sections and Description**

Section II A3. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than three (3) months after the Closing Date.

**Conditions**



## I. STRATEGIC CONTEXT

### A. Country Context

1. **Economic growth in Gaza has come to a virtual halt.** Gaza has faced long-lasting political instability and violence over the past two decades, which have exacerbated macroeconomic imbalances. After the establishment of the Palestinian Authority (PA) in 1994, Gaza experienced high economic volatility as a result of violence and political uncertainty. Since the Fatah-Hamas conflict in 2007/08, growth has been driven mainly by high levels of donor financing, which however dropped sharply from 29 percent of GDP in 2008 to 6 percent in 2015. Despite sizeable postwar reconstruction spending during 2015-17, the Gaza economy shrank by 0.3 percent in 2017 (compared with a 2.5 percent increase in the West Bank). Growth is expected to hover around 1-2 percent in Gaza in 2018. The welfare gap between Gaza and the West Bank has widened over the years.

2. **Unemployment is at alarming levels.** Job creation in the private sector has virtually come to a halt as a result of uncertainty, the ongoing conflict with Israel, the blockade<sup>1</sup>, and structural deficiencies. Faced by budget cuts, the public sector and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) have not been able to make up for this. While an average of 120,000 youth between the ages of 15 and 29 have been entering the labor market every year, unemployment continues to rise, reaching 50 percent in the first quarter of 2018, one of the highest rates in the world.

3. **The decline in aid flows is having a significant impact on services and jobs.** Since 2014, donor aid to the PA has declined on average by 20 percent a year. Persistent declines in budget support can force further expenditure compression. This limits the resources available for infrastructure and services, but also for paying public sector salaries (reduced by 30 percent in 2017), a key lubricant for the Gaza economy. With a significant share of Gaza's population dependent on international assistance, loss of funding can directly harm the economy and increase human hardship. For instance, more than two-thirds of the population are registered as refugees under UNRWA. In 2017 UNRWA employed more than 30,000 Gazans, either directly or through its cash-for-work and construction projects. The number of jobs created by UNRWA declined by 38 percent between 2015 and 2017.

4. **Living standards are quickly deteriorating to the verge of a humanitarian crisis.** The most recent Palestinian Expenditure and Consumption Survey for 2017 conducted by the Palestinian Central Bureau of Statistics (PCBS) shows that more than half the population in Gaza were poor, translating into a poverty rate of 53 percent —four times the rate for the West Bank and affecting about 900,000 people. Moreover, 34% of individuals in the Gaza Strip were in deep poverty (compared with 29 percent in the West Bank and Gaza combined, up from 26 percent in 2011), meaning they are unable to cover their needs for food, clothing and housing (Palestinian

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<sup>1</sup> Mobility restrictions define important spatial disparities in welfare between the West Bank and Gaza. Gaza faces external mobility restrictions, and remains almost entirely “closed,” with most movements across the border controlled by Israel. Analysis from World Bank (2011) and Cali and Miaari (2013) suggests that checkpoints tend to increase unemployment, reduce number of days work, wages and increase poverty in localities that are characterized by greater mobility restrictions. These restrictions also define within-country trade barriers that result in spatial price differences, inequalities within areas, and other economic inefficiencies in the allocation of resources. (World Bank 2012, Abrahams 2017).



Expenditure and Consumption Survey [PECS], 2017). With the population growing at 3.3 percent per year, the gloomy growth outlook and the reduced aid flows are expected to further worsen the living standards of the Gaza population.

5. **Unemployment and inactivity are highest among youth and women.** In 2017, the share of youth not in education, employment, or training (NEET) stood at 41 percent in Gaza. Female unemployment has reached 60 percent, well above that for men (36 percent) or women in the West Bank (27 percent).<sup>2</sup> The picture is even worse for young women: a staggering 88 percent are unemployed (compared to 58 percent for young men)<sup>3</sup>. In 2015, only 16 percent of Palestinian youth successfully completed the transition from education to the labor market and worked in stable jobs. In 2015, only 4.3 percent of young women in Gaza successfully completed the transition from education to having a stable job, well below that for young men in Gaza (25 percent) and young women in the West Bank (9.6 percent).<sup>4</sup>

6. **Gaps in access to and control of assets further exacerbate the ability of Gazan women and men to participate in economic and entrepreneurship opportunities.** Access to assets can significantly contribute to economic empowerment, yet it is a major challenge in Gaza: on average households have an asset index of 0.26 compared to the 0.36 asset index in the West Bank. Women overall are particularly affected, with only 16 percent having ownership of an account at a financial institution compared to 34 percent of men.<sup>5</sup> Gaps in access to technology are also an impediment: less than a third of youth in Gaza have access to computers. Women and youth from a household where the head of the household is disabled are most affected.<sup>6</sup>

7. **Access to medical treatment, electricity, and clean water also remains a challenge.** The inadequacy of electricity supply (less than half of Gaza's needs) is made worse by the dearth of alternative fuels caused by the blockade; firewood and gas are scarce, while liquid fuel is costly and not easily available to many residents. Electricity cuts of up to 20 hours a day restrict students' studying time; hamper access to critical medical care; and affect the pumping and distribution of potable water. Moreover, Gaza's aquifer, its sole source of fresh water, is overdrawn by 200 percent and is suffering from sea water intrusion. Consequently, only 5-10 percent of aquifer water is drinkable, and many residents have to rely on expensive potable water from private tanker trucks. Finally, only a small portion of sewage gets treated and untreated sewage (about 100 million liters per day) ends up in the Mediterranean Sea, resulting in a high incidence of water-related diseases.

8. **Gazans face disproportionate outbursts of conflict and violence that affect women and men, girls and boys in different ways.** For women and girls, increased risks to gender based violence persist with reported rates of 51 percent in Gaza (compared to 30 percent in the West Bank). Such high levels do not necessarily drop after crisis situations but either remain the same or continue to increase as a result of the after effects of war.<sup>7</sup> In fragile

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<sup>2</sup> Technical Report on Constraints to Female Employment – data is from 2015.

<sup>3</sup> PCBS 2017, 2018

<sup>4</sup> Avenues for economic and social inclusion of marginalized groups in WBG, 2018.

<sup>5</sup> WDI, 2017.

<sup>6</sup> Avenues for economic and social inclusion of marginalized groups in WBG, 2018.

<sup>7</sup> Palestinian Central Bureau of Statistics (PCBS), 2012. Different forms of intimate partner violence surveyed include economic, social, psychological, sexual and physical. In this case, the intimate partner referred to by the survey is 'husband.' Note: Analysis from a non-governmental organization in West Bank and Gaza reported that women seeking help and reporting cases of violence via their private hotline spiked considerably during the Gaza War of 2008-2009 and then during the crisis of 2014, requiring additional capacity to provide 24-hour support. The increase continued in the years following the Gaza War from 63 percent in 2013.



and conflict contexts, boys risk dropping out of school at higher rates and men risk losing access to their livelihoods, leaving them feeling disempowered, lowering their social standing and instilling disillusionment. For example, there is a reverse gender gap when it comes to school completion rates with male youth (especially from poor households or households with disabled heads) most affected. Unemployed youth are also particularly affected by suicides and participate in riots and mass demonstrations at border areas, crime, violence, and radicalization. In addition, restrictive attitudes related to masculinity persist in the Palestinian territories, which can be a major barrier to women's economic participation. For example, 80 percent of men believe that a woman's most important role is to take care of the home and cook for the family, compared to 59 percent of women who believe this to be the case. Similarly, 75 percent of men believe that it is more important for a woman to marry than for her to have a career, compared to 51 percent of women who believe the same thing.<sup>8</sup>

## B. Sectoral and Institutional Context

9. **The PA's National Policy Agenda (2017-2022) sets an ambitious path for reducing poverty and promoting inclusive growth by triangulating national priorities of statehood, effective government and sustainable development through the lens of citizens.** Central to this vision is a call for action to mainstream gender in government reform processes (National Policy 9) and boost job creation for excluded groups, including women (National Policy 15). Additionally, the Ministry of Social Development's (MoSD) Social Development Strategy 2017-2022 presents the government's 'substantial shift from protection to development' with a focus on building cohesion, strengthening resilience, and empowering individuals, especially women, youth, and the disabled and vulnerable groups, for a life of dignity and equality. The main objectives of the strategy are poverty reduction, elimination of all forms of social exclusion, violence and vulnerability, as well as maintaining the social fabric. Under this strategic vision, social policies do not only aim to protect the poor and the vulnerable, but also help them grow, become independent and contribute to economic development. In this new system, cash would become an instrument of last resort for those who need it the most (the extreme poor) to cover basic needs, while services would be provided to the poor, including the extreme poor, to reduce social vulnerabilities and improve access to economic opportunities.

10. **The Cash Transfer Program (CTP) has provided the PA with a scalable and well-targeted instrument to fight poverty.** Since 2010, the World Bank has been supporting the PA's efforts to reduce poverty and improve Social Safety Nets (SSN). With support from the World Bank and the European Union (EU), the CTP plays a critical role in addressing and preventing poverty and vulnerability, sustaining income and fostering economic inclusion, especially among women and marginalized groups. It remains the main social assistance instrument to fight poverty because of its proven track record and the possibility to scale them up quickly and effectively to aid distraught households during crisis situations. Additionally, the CTP has given the PA the opportunity to consolidate, harmonize and further develop social assistance that was mostly provided through a complex web of organizations run by the PA (including at least three ministries), non-governmental organizations (NGOs) and other external agencies.

11. **The Social Development Sector Strategy aims to improve the protection of the poor and their access to economic opportunities through services; NGOs are the main providers of these services.** Under this new strategic vision, social policies do not only aim to protect the poor and the vulnerable but also help them grow, become independent and contribute to economic development. While cash transfers target the extreme poor to cover basic needs, social services aim to reduce social vulnerabilities and improve access to economic

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<sup>8</sup> UN Promundo, 2017



opportunities. With support from the Social Protection Enhancement Project, a single platform will be developed to deliver social services and benefits to poor and vulnerable households. The success of this platform will rely on the supply of services, which is currently limited relative to needs, particularly in Gaza. NGOs are the main providers of social services to the poor and vulnerable, particularly in Gaza, and have been effective at doing so, filling the gaps and complementing the services provided by public institutions.

12. **The general framework of the National Development Plan places employment as one of the national priorities and calls for the creation of 600,000 new job opportunities over the next decade.** Youth employment and entrepreneurship development are both priorities in the strategic development goals of the Palestinian National Authority. Improving the quality of education, and specifically vocational education, is stated as a policy priority. Moreover, the Palestinian Authority aims to improve the matching of tertiary education to labor market needs. Similarly, the Palestinian National Employment Strategy recognizes the interrelation between economic growth and employment as a central element. Its primary objective is to create an enabling environment for employment through policies, institutional development, infrastructure and other direct measures, all with a particular focus on youth.

13. **Bold and urgent action is needed to prevent an economic and political crisis in Gaza.** The PA will likely not be able to stage an adequate response. NGOs and municipalities have a very important role to play to fill in the vacuum left and complement the services provided by public institutions. But they need strong donor support to do so. Although limited, there are some opportunities for private sector growth and job creation. For example, given restrictions on movement in and out of Gaza, and the increasing global outsourcing of tasks facilitated by digital technologies, internet-enabled self-employment/online freelancing (e-work) is a very promising opportunity for young people in Gaza, particularly women. The sheer number of inactive youth represents a big threat to stability in Gaza. But at the same time, young people are Gaza's best asset.

14. **The Project aims to contribute to alleviating the dire situation young Gazans are facing today, while also supporting more sustainable medium-term development goals.** To respond to high rates of youth inactivity and vulnerability in a context where job opportunities are very limited, the operation will focus on providing target youth with short-term employment opportunities (cash for work, C4W). Given the gap in social services, the Project will prioritize C4W in social services provided by NGOs to vulnerable groups across the Gaza Strip. The proposed operation will also support job creation by providing target youth with support to access internet enabled self-employment opportunities (e-work). The Project will place particular emphasis on supporting young women by: (i) focusing on C4W in social services and e-work, which are more amenable to women's participation; and (ii) requiring that at least 50 percent of the Project beneficiaries are women.

15. **Project interventions will complement services provided by and be closely coordinated with government institutions.** The C4W component of the Project complements and builds on the lessons from the C4W program run by the Ministry of Labor (MoL). Services provided by NGOs through C4W will help fill in the gaps and complement the services provided by public institutions. NGOs will consult sub-project proposals with relevant government institutions, including the Ministry of Finance and Planning (MoFP). Youth from households benefiting from the Ministry of Social Development (MoSD)'s Cash Transfer program (CTP) will be given preferential access to C4W, and some CTP families will benefit from the social services provided through C4W. The validation of the eligibility information provided by youth applying for Project support will be done through MoL, MoSD and the Palestinian Fund for Employment and Social Protection. An advisory committee (AC) will be established to ensure alignment with the PA's strategies, and to facilitate linkages and coordination between the NGO Development Center (NDC - the implementing agency) and the relevant PA institutions mentioned above. The AC will comprise officials from MoL, MoSD, the Palestinian Fund for Employment and Social Protection, MoFP



and NDC. The AC will meet on a regular basis to: (i) ensure proper preparedness and communication regarding the call for proposals; (ii) identify eligible NGOs and beneficiaries; (iii) oversee project implementation progress and (iv) advise on improving the implementation of activities where necessary. Memoranda of understanding between NDC and the MoSD, MoL and the Palestinian Fund for Employment and Social Protection will be established to reflect the above understandings and highlight the scope of cooperation. The MoUs will specifically refer to the tasks related to coordination efforts and the cross checking of the relevant databases for the validation of beneficiaries.

### C. Relevance to Higher Level Objectives

16. **The Project is aligned with the Palestinian National Policy Agenda (NPA) for 2017-22.** It supports the NPA's third pillar "Sustainable Development" that encompasses national priorities on enhancing economic independence through creating job opportunities and building resilient communities through meeting their basic needs.

17. **The Project is also aligned with the World Bank Assistance Strategy (AS) FY18-21 for West Bank and Gaza (WB&G) (Report no. 115201-GZ)<sup>9</sup>.** It contributes to the first pillar of the Assistance Strategy (AS) by creating conditions that enable greater private sector activity and job creation. There are limited opportunities for private sector growth and job creation in the current Gaza context. The Project supports one such opportunity, namely e-work. The increasing global outsourcing of tasks facilitated by digital technologies presents a unique opportunity for young people in Gaza to engage in e-work and, in some cases, even start their own e-business. Also, through C4W, the Project will provide target youth with valuable work experience while better job opportunities arise. As C4W sub-projects will be implemented by NGOs, the Project will also support the NGO sector, a big private sector employer operating across a wide range of sectors in Gaza. Project interventions will complement other Bank operations supporting private sector growth and job creation in the West Bank and Gaza, including: the *Innovative Private Sector Development Project* (IPSD), which will support the creation of an outsourcing Hub in Gaza (among other things); and *Finance for Jobs*, which is piloting a development impact bond to attract private investment to upgrade the skills of the workforce.

18. **The Project also contributes to the third pillar of the AS "Addressing the needs of the vulnerable and strengthening institutions for improved citizen-centered service delivery".** Specifically, through C4W, the Project will provide a temporary safety net to target youth and their families. By focusing C4W on social services provided by NGOs to poor communities, the Project will contribute to reducing the deficit in social services among the most vulnerable, while supporting institutions with a strong record in delivering services to poor communities. Also, C4W sub-projects will be developed with input from communities and relevant public institutions, and with a strong Grievance and Redress Mechanism (GRM). The Project will place particular emphasis on supporting young women by (i) focusing on C4W in social services and e-work, which are more amenable to women's participation; and (ii) requiring that at least 50 percent of the Project beneficiaries are women. Project interventions will complement other Bank operations supporting the vulnerable in Gaza, including the Social Protection Enhancement Project. Youth from CTP families will be given priority access to C4W and some CTP families will benefit from the social services provided by youth.

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<sup>9</sup> Discussed by the Board of Executive Directors on December 15, 2017.



19. **The proposed Project also contributes to the implementation of the World Bank Group’s Middle East and North Africa (MENA) Regional Strategy**, particularly its pillar on renewing the social contract through the creation of job opportunities for youth and the provision of services for the poor and vulnerable.

20. **The Project supports the World Bank Group’s strategic goals of ending extreme poverty and boosting shared prosperity in a sustainable manner.** The proposed operation aims to respond to the immediate needs arising from the emergency situation in Gaza, while also contributing to medium term development goals, including increased economic inclusion of youth, improved service delivery and private sector development.

21. **Alignment with the World Bank Group Gender Strategy (FY16-23) and Second Country Office Gender Action Plan (C-GAP II, FY18-21).** The proposed operation is also consistent with the strategy’s crosscutting theme of gender. Women’s economic participation is a key pillar of the World Bank Group (WBG) institution-wide Gender Strategy, as well as the WBG strategy for the MENA region. The Gender Strategy, titled “Gender Equality, Poverty Reduction, and Inclusive Growth”, aims to build on achievements and deliver tested gender-smart solutions to policy and operations. One of the ‘levers of change’ that the strategy pays attention and responds to is women’s access to economic opportunities, specifically job creation and asset ownership, as key drivers of growth and poverty reduction. The proposed operation is also in line with C-GAP II to strengthen economic opportunities for women and level the economic playing field for more equal participation.

22. **Alignment with the Palestinian Authority’s adoption of the National Action Plan for UN Resolution 1325 on Women, Peace and Security.** In 2016, the Palestinian Authority adopted a National Action Plan to implement the UN Security Resolution 1325, sending a strong signal of commitment to reinforce the need to engage women as agents of change and at all levels in peace-building and security efforts. The proposed operation is aligned with this commitment of gender inclusion and focuses on the positive role that youth in marginalized communities can play in improving livelihood opportunities in the short term while building foundational blocks that can ultimately contribute to peace-building in the near future.

## II. PROJECT DESCRIPTION

### A. Project Development Objective

#### PDO Statement

23. The Project Development Objective (PDO) is to provide target youth in Gaza with short-term income support and increased access to internet-enabled self-employment opportunities.

#### PDO Level Indicators

**Indicator 1:** Number of youth receiving cash for work from the Project, by gender.

**Indicator 2:** Number of youth receiving e-work support that have done at least one paid freelancing job during the support period or six months after that, by gender.





## B. Project Components

24. The proposed Project has three components. Component 1 has been designed so that implementation can start immediately following effectiveness, and be fully completed by the second year. Component 2 is expected to be implemented over the three-year project implementation period.

### **Component 1: Cash for Work (C4W) (US\$12.5 million)**

25. *This component will provide Cash for Work Sub-grants to Selected NGOs to implement Cash for Work Sub-projects employing target youth.* Services will include support to economic livelihoods (e.g., enhancements to agricultural and fishing activities) and social services (e.g., health, education, support to disabled and elderly and psychosocial support). Priority will, however, be given to social services provided by NGOs to vulnerable groups as the population in Gaza is experiencing increasing social needs, particularly the most vulnerable. Relative to these needs, social services are under-provided by the PA institutions and municipalities. NGOs are the main providers of social services to the poor and vulnerable in Gaza, and have a strong record at doing so, filling the vacuum left and complementing the services provided by public institutions. Furthermore, NGOs have experience implementing similar C4W projects. Given the focus on social services, no environmental safeguards are expected to be triggered.

26. The C4W component has been designed to deliver quick results. The design features will be detailed in the Project Operations Manual (POM), along with guidelines and outreach material for NGOs. The Project Implementing Agency (PIA) will reach out to NGOs and immediately prepare a single call for C4W proposals. Interested NGOs will prepare proposals based on project guidelines, including target youth and criteria for selecting sub-projects. NGOs will be asked to prepare C4W proposals based on their comparative advantage, and to ensure that proposals are discussed with relevant communities and relevant public institutions before submission.<sup>10</sup>

27. The PIA will select NGOs and sub-projects based on pre-identified criteria. Sub-projects providing social services to vulnerable groups will be given priority. Only one proposal per NGO will be considered. The PIA will also ensure that the selected sub-projects are spread out across the Gaza Strip. After the selection of beneficiaries, sub-projects will be implemented over a one-year period, which is to be divided into two sub-periods of six months each. The minimum number of target youth to be hired for each sub-project will be 100 (50 in each six-month period). A maximum of 18% of the sub-project grant will be used for management costs, transportation and supporting material; 1.3% will be used for the insurance of beneficiary youth; and the remaining 81% will be spent on stipends.

28. The PIA will identify NGOs to carry out Cash for Work Sub-Projects in accordance with the criteria, terms and guidelines set forth in the POM, which shall include, *inter alia*, the following eligibility criteria:

- a. Is a non-governmental, non-profit and non-partisan organization with offices registered in West Bank or Gaza for at least five years;

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<sup>10</sup> Given the emergency situation and the recent suspension of UNRWA's Job Creation Program, some C4W opportunities may be delivered through high-capacity NGOs and employing eligible youth that are in UNRWA's C4W waiting list. This will ensure that some of the youth that are most in need receive immediate support. Selected NGOs would meet the eligibility criteria (defined below) and prepare sub-project proposals.



- b. Has an operating office in the Gaza Strip for at least one year;
- c. Has a proven track record of working in poor and marginalized communities;
- d. Possesses financial management and administrative systems to implement Cash for Work Sub-projects deemed acceptable to the World Bank; and
- e. Has annually disbursed funds not less than \$200,000 between 2015 and 2017.

29. The selected NGOs will hire youth based on a competitive and transparent process and the targeting criteria set by the project (see Section C). In addition to these criteria, NGOs may require specific education qualifications depending on the nature of work. However, lower-educated youth will be given preference for lower-skill work. Shortlisted youth will be required to show proof of their eligibility and qualifications, and NGOs will be responsible for validating the information. The PIA will undertake a final validation of selected candidates. NGOs will select beneficiaries at once for the two sub-periods. Among the selected beneficiaries, the assignment into the first and second batches will be done randomly. If the number of qualified candidates is greater than the number of jobs, the NGOs will select beneficiaries randomly. The selected NGOs will keep a waiting list of candidates to draw from, should the elected beneficiaries drop out during the implementation of the sub-project.

30. Each beneficiary will work for six months and receive a stipend equivalent to US\$380 per month. This amount, which is just below the minimum wage (about US\$390), is considered appropriate to discourage participation in C4W by youth who are already working or could easily find a job, while providing a meaningful safety net. To spread the benefits of C4W across households, only one qualifying youth per household will be allowed to benefit from C4W. Approximately 4,400 youth (2,200 women) will benefit from this component.

31. An initial payment of 30 percent of the amount of the grant will be made available to selected NGOs upon signing of the Grant Agreements (GAs) with the PIA. Subsequent payments will be made quarterly based on progress. The GAs will include performance indicators related to the direct and indirect sub-project beneficiaries (see Section C). Implementation of sub-projects will be closely monitored by the PIA. All sub-projects will be subject to review and audit by the PIA, including to determine whether any part of the sub-project grant is to be returned to the PIA.

### **Component 2: Internet-enabled self-employment (e-work) (estimated cost: US\$3 million)**

32. *This component will provide e-Work Sub-grants to Selected Service Providers to provide e-work support (skills training and on-the-job support) to Target Youth.* The type of e-work to be supported by the project includes complex tasks (e.g., software development, graphic design, media production, content development, website design, animations, e-marketing, translation) and simpler tasks (e.g., labelling photos or videos, describing products, transcribing scanned documents, data gathering, answering calls). These tasks are linked to larger projects through online networks and platforms at the regional and global levels. Online freelancers can work on their own or as part of local freelancing companies.

33. The global online freelancing business is growing, already exceeding US\$4 billion in 2015. There are more than 120 platforms for online freelancing, including a small but growing number of platforms serving the Arab world, e.g., Nabbesh, Mostaq, Khamsat and Krwah. Platforms typically charge fees from freelancers to register and from clients to post jobs. Social media platforms, like LinkedIn, Twitter and Facebook, are also an important marketing channel for freelancers. A recent online freelancing market assessment found a small but growing number of online freelancers, particularly in Gaza. The study concluded that e-work has great potential in the West Bank and in Gaza, particularly in ICT, and identified key constraints, including: freelancing and specialized



technical skills (such as 3D design software); lack of awareness about online freelancing; limited training and mentorship opportunities; restrictions to online payments (particularly in Gaza); and limited access to high-speed internet and electricity (especially in Gaza).

34. There are a few small not-for-profit organizations in Gaza that provide online freelancing services and have dedicated programs to support would-be e-workers, including *Work without Borders*, *Gaza Sky Geeks*, *Gaza Gateway* and *Palestinian Information Technology Association (PITA)/Palestinian Information and Communication Technology Incubator (PICTI)*. These institutions are mostly specialized in ICT, as this seems to be the most demanded area in the market. Support programs typically include some initial training (technical and freelancing skills) and ‘on-the-job’ support for a specified period, including co-working space and equipment (computer, internet, electricity), payment system, mentorship/technical support and access to online discussion groups/communities. A small stipend to cover transportation costs is typically included during the implementation of the support program. Success rate is typically high and most graduates end up as independent freelancers, employees or entrepreneurs.

35. There will be a single call for proposals for specialized not-for-profit organizations to provide e-work support to target youth. Proposals could cover both complex and simple forms of e-work, depending on what is demanded by the market and the comparative advantage of the organizations. Proposals should also indicate how the NGO plans to meet the expected target of females benefiting from e-work support and becoming online freelancers. The support package will include up to two months of skills training (this must include freelancing skills and can include technical skills) as well as six months of on-the-job support (this must include co-working space, equipment as needed, and mentorship/technical support). E-work beneficiaries will also receive a transportation allowance during the support period. Selected organizations will profile interested and eligible youth to identify those who have adequate skills to participate in the program. Organizations and proposals will be evaluated on the basis of criteria set by the Project. The evaluation of proposals will include both quality and cost considerations. The unit cost of support packages, including overhead costs, is not expected to be more than US\$4,000 per beneficiary. Support will be limited to one target youth per household; however, sensitization outreach to family members around the importance of women’s work can be included within that support package in order to address the role of masculinity in affecting household decisions surrounding women’s work. The e-work component is expected to benefit around 750 youth (375 women).

36. An initial payment of 30 percent of the total sub-project grant will be made to the selected organizations upon signing of the GAs. Subsequent payments will be made quarterly based on progress, up to 50 percent of total grant. The remaining 20 percent will be paid conditional upon the organization showing evidence that at least 30 percent of beneficiaries engage in at least one paid e-task by the end of the support period. Sub-project implementation will be closely monitored and will be subject to review and audit by the PIA.

### **Component 3: Project Management, Monitoring and Evaluation (estimated cost: US\$1.5 million)**

37. *This component will strengthen the NGO Development Center’s (NDC’s) capacity for Project management, monitoring and evaluation through financing of office equipment, consultants’ services, including audit, training, and incremental operating.* More specifically, it will finance (i) the preparation of the POM, guidelines and outreach material for NGOs providing C4W services and not-for-profit organizations providing support to e-work; (ii) outreach activities; (iii) call for proposals; (iv) evaluation and selection of proposals; (v) assistance to selected NGOs and not-for-profit organizations in the identification of target youth and the validation of eligibility information; (vi) supervision and audit of selected sub-projects; and (vii) monitoring and evaluation of the Project



against PDO-level and intermediate indicators.

38. The Project will be subject to various monitoring and reporting requirements, such as quarterly spot check audits, quarterly un-audited interim financial reports, and annual audit reports. The NDC will put in place a financial management (FM) system (i.e., a computerized accounting system) to monitor the disbursement process and to ensure the accuracy of transactions and promptness of payments.

39. An independent/external auditor will be hired to carry out quarterly spot-check audits on a representative sample of service delivery activities supported under the Project in order to verify the occurrence and completeness of activities and to ascertain the achievement of physical and other progress in the implementation of the Project.

40. More specifically, the spot check audits will help ascertain that the tasks performed, training received or services delivered are provided to the intended beneficiaries and target groups and that all related activities are closely monitored and in real time. This will provide further assurance that the funds are spent for intended purposes. A report covering the physical inspections will be produced on a quarterly basis and will be made available to the Bank in a timely manner. A consolidated spot check audit report will be produced at the completion of the Project.

### C. Project Beneficiaries

41. The direct beneficiaries of the Project are youth between the ages 18 to 34 who are unemployed (for at least one year in the case of direct beneficiaries of C4W). The C4W component is expected to benefit about 4,400 youth, while the e-work component is expected to benefit about 750 young people. At least 50 percent of the Project beneficiaries will be women. Unemployment status will be validated against the Ministry of Labor's database, with additional checks to be performed by the hiring NGOs as needed. As one of the objectives of the C4W component is to also provide a safety net, youth from poor households that are either on the waiting list for UNWRA's Job Creation Program or benefiting from the Cash Transfer Program (CTP) will receive preferential access to C4W opportunities. CTP beneficiary status will be validated against the MoSD CTP beneficiary database. Only one beneficiary (of C4W or e-work support) per household will be allowed.

42. Indirect project beneficiaries will include:

1. Members of households where youth benefit from C4W opportunities.
2. Vulnerable people directly benefiting from services provided under C4W projects (e.g., the disabled, elderly, children, women).

### D. Results Chain

#### C4W component

1. Activities: C4W sub-projects are contracted through NGOs.
2. Outputs: Target youth are hired and services are provided.
3. Intermediate outcomes
  - a. Target youth: Increased access to short-term employment.
  - b. Indirect beneficiaries: Increased access to social services among vulnerable groups.
4. Final outcomes



- a. Target youth
  - i. Increased employability through relevant work experience.
  - ii. Increased self-value and social cohesion through participation and civic engagement.
  - iii. Enhanced protection (target youth and their families).
- b. Indirect beneficiaries
  - i. Enhanced protection of vulnerable groups.

#### **E-work component**

1. Activities: e-work sub-projects are contracted through specialized not-for-profit entities.
2. Outputs: Target youth are provided with e-work support.
3. Intermediate outcomes: Increased access to e-work opportunities.
4. Final outcomes: Increased employment of target youth in e-work.

#### **E. Rationale for Bank Involvement and Role of Partners**

43. The proposed operation aims to respond to the immediate needs arising from the emergency situation in Gaza, while also contributing to medium term development goals, including increased economic inclusion of youth, improved service delivery and private sector development. More specifically, C4W aims to provide a temporary safety net, but also some relevant work experience to unemployed youth while better job opportunities arise. By focusing on social services provided by NGOs, the Project also aims to contribute to reducing the deficit in social services among the most vulnerable. It also supports the NGO sector, a big private sector employer with a strong record in delivering services to poor communities in Gaza. While there are limited opportunities for private sector growth and job creation in the current Gaza context, the Project supports one such opportunity, namely e-work. The increasing global outsourcing of tasks facilitated by digital technologies presents a unique opportunity for young people in Gaza to engage in e-work and, in some cases, even start their own e-business.

44. The proposed operation builds on the lessons from and complements other donor-funded C4W initiatives in Gaza. Discussions have been held with relevant donors and implementing agencies to maximize synergies and complementarities. As a result of the consultations, the proposed C4W intervention will seek to support eligible refugees on UNRWA's waiting list and who can no longer be sustained due to the recent cuts on UNRWA's budget. The team will reach out to other development partners to seek additional financing for the Project.

45. The Project also aims to build a platform for quickly delivering C4W opportunities in response to emergency situations, such as the current one in Gaza, and to mobilize and coordinate support from other donors. The platform entails C4W opportunities being delivered through NGOs in the form of services to poor communities. Given the good capacity of the NGO sector in Gaza and the large social services gap, this platform can be easily scaled up should additional donor funding become available. It can also complement other C4W delivery modalities, such as infrastructure and services provided by municipalities through the Municipal Development Program (MDP).

#### **F. Lessons Learned and Reflected in the Project Design**

46. The Bank has experience with the proposed interventions in Gaza and elsewhere. The Bank has supported



similar C4W interventions in Fragile, Conflict and Violence (FCV) contexts, including in Yemen, Mali, and Sierra Leone—this experience has been built into the proposed C4W intervention. The Bank has had long experience working with NGOs to deliver services to poor communities in Gaza through the series of Palestinian NGO (PNGO) projects. The Bank also has experience supporting e-work in MENA countries and globally. In Gaza, the new Innovation Private Sector Development Project (IPSD) aims to build an outsourcing Hub in Gaza, focusing on IT e-work. The e-work component under this operation is being developed in alignment with IPSD. Synergies will continue to be explored with MDP as opportunities arise for C4W in municipal infrastructure projects.

47. The Project design has been informed by other donor-funded C4W initiatives in Gaza, including UNRWA. Gaza has had a number of donor-funded C4W projects over the years. The two main active projects are UNRWA's Job Creation Program and USAID's Gaza Vision 2020. As part of project preparation, a review of such projects has been conducted, including through discussions with relevant donors and implementing agencies.

48. Specific lessons from other C4W interventions in Gaza and elsewhere, particularly in FCV contexts, for the Project's C4W include: (i) a simple and transparent design that is clear and well-understood by all stakeholders (potential beneficiaries, NGOs, communities, public institutions); (ii) working through communities and local governments; (iii) delivering C4W through NGOs and private sector; (iii) considering C4W opportunities that also appeal to women; (iv) considering C4W opportunities that appeal to lower-skill and higher-skill youth; (v) setting the C4W stipend just below the minimum wage; and (vi) designing C4W not only to provide quick relief, but also to contribute to medium term development goals

49. **Internet enabled e-work.** Knowledge and research in the field of online freelancing, microwork, and digital jobs have informed the internet enabled e-work operation. Findings from a meta-regression study from 2015 for instance shows that full-time online workers in Kenya, Nigeria, Senegal, and India earn salaries that are comparable to, or higher than, their peers in traditional work. In addition to the economic impacts of freelancing IT work, it also offers nonfinancial benefits relevant to this operation: a flexible working schedule allows individuals to take better care of their families or continue to study while starting their own business. Furthermore, it provides opportunities for on-the-job learning and skills development. Qualitative data from women in focus group studies in Egypt indicate a positive social change in particular for women contributing to gender equity<sup>11</sup>.

50. **The role of NGOs in delivering C4W opportunities.** The existing evidence and experience in Gaza, through the series of PNGO projects and other initiatives, show that NGOs: (i) are the main providers of social services in Gaza; (ii) have a strong delivery record; (iii) are specialized in reaching out to the most vulnerable segments of the population; (iv) have experience in responding to emergency situations; (v) have experience implementing similar C4W projects; (vi) have a strong record of working with communities and public institutions; and (vii) have the capacity to adapt to the continuing changing context in the Gaza Strip.

51. C4W opportunities in municipal infrastructure projects were initially considered as an alternative (complementary) modality. However, given limited Project funding and the serious deficit in social services, the Project will focus on social services provided by NGOs. Should additional financing for C4W in municipal infrastructure become available, the MDP would be the most appropriate vehicle for channeling such funds.

52. Based on the experience from C4W intervention in Gaza and similar contexts, an important goal of the proposed intervention is to build a platform for quickly delivering C4W opportunities in response to emergency

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<sup>11</sup> World Bank June, 2015.



situations, such as the current one in Gaza, and to mobilize and coordinate support from other donors. This platform should be a part of and complement other modalities for delivering C4W in Gaza, such as through municipal infrastructure.

53. Project design has also been informed by and will complement the Bank-financed Social Protection Enhancement Project (SPEP, P160674) implemented by MoSD. Specifically, youth from CTP households will be given preferential access to C4W, providing an additional safety to these families, as well as valuable work experience, thus increasing their access to future job opportunities. By focusing C4W on social services provided by NGOs, the Project will also contribute to revitalizing the supply of social services, which is central to the functioning of the platform to be developed under SPEP for delivering these services to the poor and vulnerable.

### **III. IMPLEMENTATION ARRANGEMENTS**

#### **A. Institutional and Implementation Arrangements**

54. Given the existing vacuum in the public provision of essential social services in Gaza, NGOs offer an effective vehicle to deliver C4W for social services. NGOs have been and continue to be instrumental in providing much needed social services in Gaza, and are often outsourced by the PA to deliver key health, education and social related services.

55. NDC will be the signatory of the Trust Fund Grant Agreement (TFGA), the recipient of the Grant and the Implementing Agency for the Project. NDC was identified as the most suitable implementing agency for this operation for the following reasons: (i) NDC has a long standing and successful experience as the implementer of Palestinian NGO projects since 1996; (ii) NDC has a strong track record in coordinating and enhancing the governance of the Palestinian NGO sector—it is unique in that respect; (iii) NDC has increasingly become a respected leader in the NGO community and has successfully attracted multiple sources of financing; (iv) NDC is recognized as a main grant-making mechanism to NGOs, providing grants in a very transparent manner; (v) NDC is an apolitical entity that works with all NGOs across all sectors; (vi) the recent Independent Evaluation Group report and Implementation Completion Report on the Palestinian NGO project confirm NDC's satisfactory performance; and (vii) NDC's overhead costs are substantially lower than other alternatives.

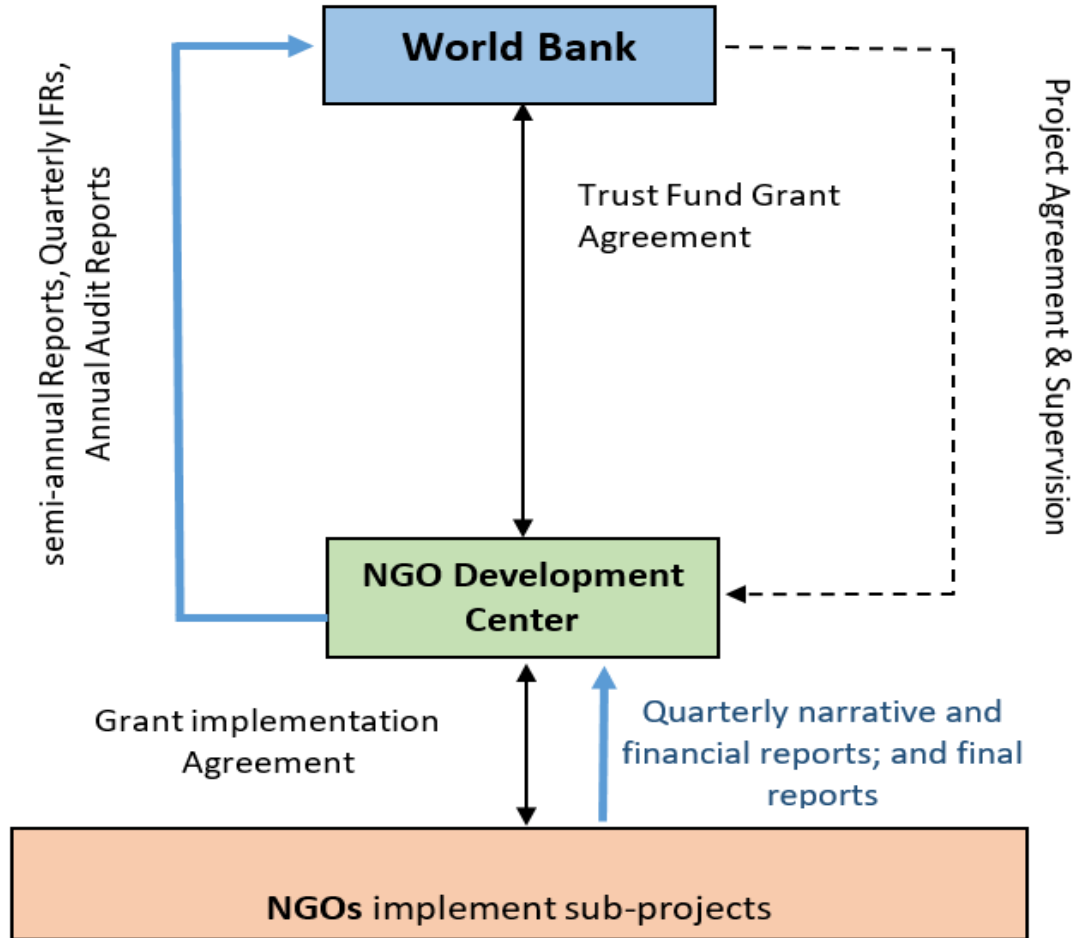
56. As the Grant Recipient and Implementing Agency for the Project, NDC will be responsible for the overall implementation of the Project and the management of the Designated Account (DA). It will carry out the Project activities in accordance with the TFGA, incur expenditures and make payments to NGOs and suppliers. Consequently, NDC will be responsible for all fiduciary aspects including financial management (FM), procurement, and safeguards (environmental and social management). Accordingly, NDC's Director will be responsible for coordinating implementation and ensuring the overall technical coherence of the Project activities. Managers in NDC will report to the Director and supervise the work of their staff and consultants attached to their respective Units. They will also monitor the performance of the NGOs directly involved in the implementation of field activities. NDC's main office is in the West Bank and it has a fully operational branch office in Gaza. The Gaza office is headed by a Gaza Program Manager, who will act as the Director's deputy for this Project.

57. NDC management will be responsible for reporting to its board and the Bank on progress with Project implementation. NDC will be responsible for preparing and issuing the annual work program and operating budgets, as well as all progress reports and Interim Financial Reports (IFRs).



58. Grants will be provided to and implemented by NGOs for sub-projects in accordance with a Grant Implementation Agreement signed between them and NDC. NGOs will report quarterly to NDC and NDC Program Officers will supervise and monitor the work of the NGOs through field visits, documented in field visit reports.

59. Implementation arrangements for the Project and functional relationships between key Project stakeholders are described in Diagram 1 below.



60. NDC has prepared a POM, acceptable to the Bank, which details the criteria and procedures for selecting NGO sub-projects and target youth under both components.

## B. Results Monitoring and Evaluation Arrangements

61. Overall project monitoring and evaluation will be the responsibility of the PIA. The PIA will manage data collection, aggregation and periodic reporting on the Project’s implementation progress and will closely monitor the Project’s key performance indicators.





### C. Sustainability

62. Given the temporary nature of the proposed activities, especially C4W, sustainability will be limited. However, the Project has been designed to support more sustainable medium-term development goals:

1. C4W will provide target youth with valuable work experience for better job opportunities that will arise in the future, as well as a sense of hope and inclusion at a time when pessimism and frustration are running high among youth in Gaza. Moreover, the stipends received by youth will have a multiplier effect on the local economy.
2. C4W sub-projects will provide social services to vulnerable groups at a time when these services are in short supply.
3. By working with NGOs, the Project will support the main and best provider of social services in Gaza at a time when many NGOs are suffering from severe budget constraints. By working through NDC, the Project will support a well-functioning mechanism for coordinating and improving NGO activities.
4. The Project aims to build a platform for quickly delivering C4W opportunities in response to emergency situations, such as in Gaza, and to mobilize and coordinate support from other donors.

63. The e-work component will support target youth to access e-work and, in some cases, e-business opportunities, thus contributing to sustainable private sector growth and job creation in the current Gaza context.

## IV. PROJECT APPRAISAL SUMMARY

### A. Technical, Economic and Financial Analysis

64. **Technical.** The Project has been designed as a safety net instrument that can be scaled up during crisis situations (such as this one) to alleviate economic hardships through the provision of quick livelihood support to the poor and vulnerable youth. The proposed Cash for Work operation is not a stand-alone initiative, but is an effort to help the PA as well as the various stakeholders scale up and capitalize on the existing safety net instruments and extend coverage to those in greatest need. Moreover, the proposed operation provides an opportune mechanism for the Bank to respond in a quick and flexible manner to address the enormous needs in a context of socio-economic decline and livelihood crisis, coupled with the eroding coping mechanisms of households. A key ingredient for success lies in the design features of the proposed sub-projects with decentralized, streamlined implementation procedures and close monitoring of employment. The design of the Project benefited from a careful review of the various types of cash for work projects being implemented in Gaza, with a focus on priority areas and gaps, as well as the potential for scalability and greater impact.

65. The Project is anchored in partnerships with civil society, NGOs, and the local community to ensure sustainability and enhance social impact, in line with the Bank's Assistance Strategy. It also supports national priorities focused on addressing the staggering issue of youth unemployment and gender inequality. Other indirect benefits include strengthening human capital, for example through improved social cohesion and labor productivity.

66. Previous Bank engagement with the NDC and NGOs in Gaza confirmed that they have been the right catalyst for mobilizing communities and in identifying priority areas in response to the emergency situation.



Stemming from their vast experience and wide geographical distribution across all communities, including remote areas, the NGOs proved their ability to design effective interventions in a transparent and equitable manner.

67. In close partnership with development partners and government counterparts, the proposed operation is expected to increase the efficiency and effectiveness of resource use through better targeting and through better management, coordination and administration of the various safety net instruments. For instance, the Project will rely on MoSD's unified portal and CTP database to filter poor households and identify the target group. The Project will also make good use of the Employment Fund database and MoL's unemployment registry. Similarly, the Project will conduct the necessary cross checking of information with UNRWA database to ensure complementarity, reduce targeting errors, and avoid duplication of efforts.

68. **Economic aspects.** The Project's likely economic benefits are significant, even if difficult to quantify with precision. First, the injection of income will have a stabilizing impact on the Gaza economy.

- a. Temporary employment opportunities through cash for work and internet-based e-work/freelancing will immediately increase the income of the covered households. This will help stabilize their purchasing power and thus aggregate demand in the context of an economy that is under the threat of collapse. The demand for basic needs (food stuff, services, rents) will stabilize and Project will thus disproportionately support the local economy, including small retail and trading establishments. In the longer term, the Project will improve the employability and skill development (hard and soft skills) of participants and will have beneficial effects on Gaza's human capital, and thus its growth potential.
- b. The Internet-enabled self-employment (e-work) component in particular will be important for improving durable economic earning opportunities at an individual and macro-level. Jobs in this sector typically earn higher-than-average salaries (World Bank 2015) and—through ease of entry, flexibility in skills requirements, and ability to overcome movement and access restrictions—can provide employment, especially for the youth and women that suffer most from unemployment and underemployment in Gaza. The prospects for this industry in the Palestinian territories (PT) are promising. In addition to infrastructure readiness (such as accessibility to affordable Internet and broadband in certain regions), the territories offer a young and educated workforce highly suitable for such work. In general, Palestinian youth possess basic computer and language skills at competitive wage rates; unemployment rates are comparatively high by global standards (CIA, 2010)<sup>12</sup> and the Internet has become the preferred medium of information exchange as an indirect result of the movement and access restrictions. By working over the Internet, disadvantaged youth and women in Gaza can overcome physical and other social restrictions to earn much needed income as work: (i) can be performed anywhere through commonly available computers and internet connections; (ii) has low barriers to entry through open and informal access to virtual tasks; and (iii) offers high flexibility in skill requirements, and time and geographic arrangements. Therefore, by providing a channel to earn and work as they prefer, e-work can be a significant channel for youth empowerment through employment.
- c. Employment opportunities will indirectly have positive effects on social inclusion. Income support reduces the incidence of family dysfunction and extreme poverty that have been shown to be linked to social exclusion, crime, and political instability. All these phenomena tend to give rise to

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<sup>12</sup> Unemployment rate ranking is based on the lowest to highest percentage of a country's labor force without jobs. Out of 200 countries, the West Bank is ranked at 171, and Gaza Strip at 185.



significant negative economic externalities, including on investment and thus future job opportunities, and on the budget.

69. Employment supported by the C4W scheme will also strengthen service quality in the social sectors, with important benefits for the general population in an environment of weak social protection and poor health and education services. Most of the beneficiaries will work in projects already identified by NGOs. The selected projects could include work with disabled children in schools, early childhood support, and assistance to the elderly. Food distribution to the most needy and primary healthcare services will also be considered. Over time, and as experience is growing, there is scope for re-orienting the work targeted by the C4W scheme towards those areas with the highest impact on social stability and poverty alleviation, while ensuring that private sector employment is not affected.

70. The C4W and freelancing scheme will enable mobilization and better targeting of additional donor resources. C4W activities will generate valuable information on resource shortages in the Palestinian social network and civil society. This will be useful to raise awareness of resource needs and to communicate these needs more effectively to Gaza's external partners. It will also enable a better and faster channeling of resources to priority areas that can be expected to have a large impact on the general well-being of the population and human capital development that are both necessary for stabilizing Gaza's economy and for raising its future growth potential.

## **B. Fiduciary**

### **(i) Financial Management**

71. The overall financial management (FM) risk of the Project is considered Substantial as support will be delivered through grants to NGOs. Mitigating measures have been introduced and NDC will be responsible for overall Project implementation and management, including FM aspects of the Project. NDC has adequate capacity in FM and has implemented similar projects in the past. NDC will ensure that NGOs comply with Project FM arrangements outlined in the operations manual. Also, NDC will continue to provide technical assistance and training to the implementing NGOs FM units. FM risk will be mitigated through these controls.

72. Bank financing will be channeled through a Grant to be disbursed through a Designated Account (DA) opened and managed by NDC. NDC will prepare a detailed quarterly budget (disbursement plan), which will be used to define the ceiling of the DA, to facilitate the availability of funds necessary for on-time project implementation. NDC will ensure that each NGO receiving a sub-grant will have a separate bank account open for their grant. The implementing NGOs will provide the needed budget information to NDC, where it will be consolidated and submitted to the Bank.

73. NDC will produce quarterly interim unaudited financial reports (IFRs) and annual audited financial reports, and submit them to the Bank for monitoring project implementation. The IFRs should be submitted to the Bank within 45 days after the end of each quarter. The Grant Agreement will require the submission of annual Audited Project Financial Statements within six months after year-end. Spot audits will be conducted on the NGOs' receiving funds and will be submitted on a quarterly basis. Project Financial Statements will include the sub-grants and will be audited in accordance with international audit standards by an independent, experienced, and internationally recognized audit firm acceptable to the World Bank and recruited on a competitive basis based on TORs acceptable to the Bank. The cost of the audit will be financed from the Grant proceeds.



## (ii) Procurement

74. Procurement will be carried out in accordance with the World Bank's 'Procurement Regulations for IPF Borrowers - Procurement in Investment Project Financing, Goods, Works, Non-Consulting, and Consulting Services', dated July 1, 2016, revised November 2017. The 'Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants', revised as of July 1, 2016 shall apply to the Project.

75. The Project will finance minor procurement activities as part of the sub-grants to NGOs under Components 1 and 2, while there will be no procurement under Component 3. The allocation for procurement per sub-project is not expected to exceed \$10k for sub-grants under Component 1, and \$50k for sub-grants under Component 2. Under Component 1, the sub-grants will mainly finance purchase of materials necessary for the delivery of social services, while under Component 2, they will finance trainers, training tools and resources. Given the emergency response nature of the Project and the very small value per procurement/consultant contract, methods to be used will include, Request for Quotations (RFQ) for Goods, Direct Selection and Selection of Individual Consultants. Due to the restrictions on access of material and people to Gaza, procurement will target goods and services readily available in the local market.

76. Procurement packages for the sub-projects may not be defined up front given their demand-driven nature, and there will be no procurement for Component 3. Accordingly, there will be no Procurement Plan (or PPSD). Costs incurred under Component 3 will follow the respective NDC administrative procedures, which were reviewed and found acceptable to the World Bank. Recipient NGOs under Components 1 and 2 will prepare a simplified procurement plan and will carry out procurement for the approved sub-project in accordance with the grant implementation agreement, following the procedures outlined in the POM. NDC program officers will monitor procurement to be carried out by NGOs to ensure that procurement decisions are made following the approved procedures, with due regard to economy and efficiency. NDC has significant experience implementing Bank and donor-financed projects and a sound monitoring and control system of sub-project implementation by NGOs. Procurement risk is rated *Moderate*. All procurement will be below the Bank's prior review thresholds for moderate risk rating projects. The Bank will carry out two supervision missions a year, including one ex-post procurement review that would cover at least 10 percent of the contracts awarded during the review period.

## C. Safeguards

**77. Environmental Safeguards.** The Project has been categorized as Category C and no specific environmental safeguard policies are triggered since no major environmental impacts are attributed to planned project interventions.

**78. Social Safeguards.** Social safeguards are not triggered. The proposed operation will have positive social impacts.

79. Unemployment is undoubtedly the key trigger for poverty, as well as economic and social marginalization. Demand for social assistance in Gaza has increased substantially, but financial resources are insufficient and there are relatively few instruments to help poor households. Increasing poverty rates, coupled with high



unemployment rates, have exacerbated the situation. The coping capacity of poor households has been strained to the limit. The proposed operation offers an opportunity to: (i) assess the adequacy of existing social assistance programs; (ii) enhance coordination amongst the various stakeholders; (iii) reduce the existing overlap of between programs; and (iv) help design effective instruments to target youth. e-work is expected to result in: (i) increased employment among vulnerable youth; (ii) increased computer and communication skills; and (iii) increased confidence and status within households and communities, particularly for women. Thus, it will make a positive impact on their capabilities and contribute to broadening their mindsets to new ideas due to computer skills acquired, language training received, and exposure to new types of work, and will give workers confidence in their abilities, dignity, and self-respect.

### **Gender**

80. Young women, particularly those with college education, face even higher rates of unemployment and inactivity than young men. The proposed operation will respond to this challenge by: (i) requiring that at least half the beneficiaries of each sub-project are women; (ii) focusing C4W on social services, which are more amenable to employing (educated) women and can provide valuable work experience for future job opportunities; and (iii) supporting e-work, which is a particularly promising economic activity for (educated) women, as it can be performed from home under flexible conditions. Economic opportunities provided to young women through the Project will in turn help to empower them at home and enable them to better assist their children in their studies. Women will be one of the vulnerable groups to be targeted by C4W sub-projects. Gender-sensitive monitoring will be ensured through disaggregation of data when relevant.

### **Grievance Redress Mechanisms**

81. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB'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 WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).



## V. KEY RISKS

82. **The overall risk to achieving PDO is rated Substantial, as shown in the SORT table in the Data Sheet.** Risks relating to Political and Governance as well as Macroeconomic are rated High, while Fiduciary risks are rated Substantial. These are discussed below.

83. **The political and governance risks are high** because of the highly volatile and very specific political context of the Palestinian territories. The risks linked to the Gaza situation remain high and are largely unpredictable. The domestic political situation remains unsettled, with the PA continuing a protracted reconciliation process with the de facto governing authority in Gaza which, if successful, would cause a significant fiscal challenge to the PA. The potential reconciliation with Gaza could increase the expected financing gap for 2018 from US\$440 million to US\$1 billion. Measures proposed by the PA will not be enough to close the gap and it will resort to domestic sources of financing. Gaza has seen conditions steadily deteriorate over the last two decades, leading to a collapse of the economy and basic social services. Recent economic data revealed a drop in Gaza's growth from 8 percent in 2016 to a mere 0.5 percent in 2017, with almost half of the labor force unemployed. This drop is partly attributed to a decline in donor aid, which has weakened reconstruction activity and has led to a sharp decline in the income of a quarter of Gazans.

84. The World Bank will closely monitor the political situation to assess any impact on project implementation and will undertake actions or adjustments as needed. The following mitigating factors that should allow the Project to achieve its objectives:

- *Strong NGO institutional and implementation capacity.* The NGO sector in Gaza has an excellent track record in managing and implementing a series of previous Bank operations and is familiar with the Bank's fiduciary and safeguards requirements.
- *Strong donor interest.* In view of the prevailing humanitarian crisis in Gaza, there are indications that donors are interested in channeling additional resources for C4W, including through the proposed cash for work mechanism.
- *Spillover effects.* It is expected that the proposed operation will contribute to improving the economic and social situation in Gaza by providing selected youth with short-term employment opportunities and increased access to e-work. One of the benefits of digital work is that tasks can be performed from any location with basic infrastructure, allowing workers to access global markets, complete tasks, and get remunerated from their homes. This in turn will help provide some momentum to the economy at a time when the vast majority of donor aided programs faced significant budget cuts.

85. **Macroeconomic risk is high** because of the PA's persistently high fiscal deficit and its financing through donor grants, which have been unpredictable and have been on a declining path since 2008. The possibility of suspensions of revenue transfers for taxes collected by the Government of Israel on behalf of the PA, and the latter's lack of control over public finances and economic management in Gaza, significantly add to the risks. A possible further reduction in the level of donor assistance poses significant risks to the sustainability of the macroeconomic and fiscal framework. To reduce the effects of macroeconomic shocks, the Project is being implemented through the NGOs.

86. **Fiduciary risk is substantial.** The overall rating for FM risk is Substantial, and the overall rating for procurement risk is assessed as Moderate. These risks are mitigated through the Project's fiduciary



arrangements, including flow of funds, accounting and reporting, internal controls, audit, and procurement. For further details, see the Appraisal Summary sections on financial management and procurement, as well as Annex 3.



**VI. RESULTS FRAMEWORK AND MONITORING**

**Results Framework**

**Project Development Objectives(s)**

To provide target youth in Gaza with short-term income support and increased access to internet-enabled self-employment opportunities

PDO Indicators by Objectives / Outcomes	DLI	CRI	Unit of Measure	Baseline	Intermediate Targets	End Target
					1	
<b>Provision of short-term income-support to target youth</b>						
Number of youth receiving cash for work from the Project, by gender			Number	0.00	2,200.00	4,400.00
of which, female			Number	0.00	1,100.00	2,200.00
<b>Increased access to e-work support for target youth</b>						
Number of youth receiving e-work support that have done at least one paid freelancing job during the support or 6 months after that, by gender			Number	0.00		375.00
Of which, female			Number	0.00		188.00

Intermediate Results Indicators by Components	DLI	CRI	Unit of Measure	Baseline	End Target
<b>Casf for Work (C4W)</b>					





Number of members from households where youth receive C4W from the Project		Number	0.00	26,400.00
From CTP households or households on the waiting list for UNRWA's Job Creation Program		Number	0.00	13,200.00
Number of vulnerable people directly benefiting from services provided through C4W sub-projects		Number	0.00	80,000.00
Of which, disabled people		Number	0.00	6,000.00
Of which, children		Number	0.00	20,000.00
Of which, women		Number	0.00	20,000.00
Percentage of direct beneficiaries of C4W that are satisfied with the support provided by the Project, by type of support and gender.		Percentage	0.00	80.00
Of which, C4W female beneficiaries		Percentage	0.00	80.00
Of which, C4W male beneficiaries		Percentage	0.00	80.00
Percentage of claims and grievances processed, and resolved within 30 days.		Percentage	0.00	60.00
<b>Internet-enabled self-employment (e-work)</b>				
Number of youth receiving e-work support from the project, by gender		Number	0.00	750.00
Of which, female		Number	0.00	375.00
Percentage of direct beneficiaries of e-work that are satisfied with the support provided by the Project, by type of support and gender		Percentage	0.00	80.00
of which e-work female beneficiaries		Percentage	0.00	80.00



of which e-work male beneficiaries		Percentage	0.00	80.00
Percentage of claims and grievances processed, and resolved within 30 days.		Percentage	0.00	60.00

**Monitoring & Evaluation Plan: PDO Indicators**

<b>Indicator Name</b>	Number of youth receiving cash for work from the Project, by gender
<b>Definition/Description</b>	Target youth: Young people between the ages of 18 and 34 who have been unemployed for at least 1 year. Preferential access to C4W opportunities is given to youth from households benefiting from the Cash Transfer Program (CTP).
<b>Frequency</b>	Every six months
<b>Data Source</b>	Project MIS
<b>Methodology for Data Collection</b>	PIA's Semi-annual report
<b>Responsibility for Data Collection</b>	PIA
<b>Indicator Name</b>	of which, female
<b>Definition/Description</b>	
<b>Frequency</b>	Every 6 months
<b>Data Source</b>	PIA MIS



<b>Methodology for Data Collection</b>	PIA's semi annual report
<b>Responsibility for Data Collection</b>	PIA
<b>Indicator Name</b>	Number of youth receiving e-work support that have done at least one paid freelancing job during the support or 6 months after that, by gender
<b>Definition/Description</b>	Target youth: Young people between the ages of 18 and 34 who are unemployed.
<b>Frequency</b>	Once, 6 months after e-work support ends
<b>Data Source</b>	Project MIS
<b>Methodology for Data Collection</b>	PIA's annual report
<b>Responsibility for Data Collection</b>	PIA
<b>Indicator Name</b>	Of which, female
<b>Definition/Description</b>	
<b>Frequency</b>	Once a year
<b>Data Source</b>	PIA's annual report
<b>Methodology for Data Collection</b>	
<b>Responsibility for Data Collection</b>	PIA



<b>Monitoring &amp; Evaluation Plan: Intermediate Results Indicators</b>	
<b>Indicator Name</b>	Number of members from households where youth receive C4W from the Project
<b>Definition/Description</b>	All members of households with youth directly benefiting from C4W opportunities
<b>Frequency</b>	Every 6 months
<b>Data Source</b>	Project MIS
<b>Methodology for Data Collection</b>	PIA's semi-annual report
<b>Responsibility for Data Collection</b>	PIA
<b>Indicator Name</b>	From CTP households or households on the waiting list for UNRWA's Job Creation Program
<b>Definition/Description</b>	
<b>Frequency</b>	Every 6 months
<b>Data Source</b>	Project MIS
<b>Methodology for Data Collection</b>	PIA's semi-annual report
<b>Responsibility for Data Collection</b>	PIA



<b>Indicator Name</b>	Number of vulnerable people directly benefiting from services provided through C4W sub-projects
<b>Definition/Description</b>	Vulnerable people directly benefiting from the services provided under C4W projects (e.g. disabled, elderly, children, women)
<b>Frequency</b>	Every 6 months
<b>Data Source</b>	Project MIS
<b>Methodology for Data Collection</b>	PIA's semi-annual report
<b>Responsibility for Data Collection</b>	PIA
<b>Indicator Name</b>	Of which, disabled people
<b>Definition/Description</b>	
<b>Frequency</b>	Every 6 months
<b>Data Source</b>	PIA MIS
<b>Methodology for Data Collection</b>	PIA's semi-annual report
<b>Responsibility for Data Collection</b>	PIA
<b>Indicator Name</b>	Of which, children
<b>Definition/Description</b>	
<b>Frequency</b>	Every 6 months



<b>Data Source</b>	PIA MIS
<b>Methodology for Data Collection</b>	PIA's semi-annual report
<b>Responsibility for Data Collection</b>	PIA
<b>Indicator Name</b>	Of which, women
<b>Definition/Description</b>	
<b>Frequency</b>	Every 6 months
<b>Data Source</b>	PIA MIS
<b>Methodology for Data Collection</b>	PIA's semi-annual report
<b>Responsibility for Data Collection</b>	PIA
<b>Indicator Name</b>	Percentage of direct beneficiaries of C4W that are satisfied with the support provided by the Project, by type of support and gender.
<b>Definition/Description</b>	The objective of the grievance redress mechanism (GRM) is to help ensure that the Project supports the intended beneficiaries (direct and indirect) and that the support is provided in full and in a timely and satisfactory manner. The GRM allows complaints and appeals from (actual or potential) Project beneficiaries to be effectively addressed.
<b>Frequency</b>	Every 6 months



<b>Data Source</b>	PIA MIS
<b>Methodology for Data Collection</b>	Recipient NGOs report to the PIA
<b>Responsibility for Data Collection</b>	PIA
<b>Indicator Name</b>	Of which, C4W female beneficiaries
<b>Definition/Description</b>	
<b>Frequency</b>	Every 6 months
<b>Data Source</b>	PIA's semi-annual report
<b>Methodology for Data Collection</b>	Recipient NGOs report to the PIA
<b>Responsibility for Data Collection</b>	PIA
<b>Indicator Name</b>	Of which, C4W male beneficiaries
<b>Definition/Description</b>	
<b>Frequency</b>	Every 6 months
<b>Data Source</b>	PIA MIS
<b>Methodology for Data Collection</b>	Recipient NGOs report to the PIA



<b>Responsibility for Data Collection</b>	PIA
<b>Indicator Name</b>	Percentage of claims and grievances processed, and resolved within 30 days.
<b>Definition/Description</b>	The objective of the grievance redress mechanism (GRM) is to help ensure that the Project supports the intended beneficiaries (direct and indirect) and that the support is provided in full and in a timely and satisfactory manner. The GRM allows complaints and appeals from (actual or potential) Project beneficiaries to be effectively addressed.
<b>Frequency</b>	Quarterly basis
<b>Data Source</b>	PIA MIS
<b>Methodology for Data Collection</b>	Recipient NGOs report to the PIA
<b>Responsibility for Data Collection</b>	PIA
<b>Indicator Name</b>	Number of youth receiving e-work support from the project, by gender
<b>Definition/Description</b>	Number of youth benefiting from e-work support
<b>Frequency</b>	Yearly
<b>Data Source</b>	PIA MIS
<b>Methodology for Data Collection</b>	Recipient NGOs report to the PIA
<b>Responsibility for Data Collection</b>	PIA





<b>Indicator Name</b>	Of which, female
<b>Definition/Description</b>	
<b>Frequency</b>	Once, 6 months after support ends
<b>Data Source</b>	PIA MIS
<b>Methodology for Data Collection</b>	Recipient NGOs report to the PIA
<b>Responsibility for Data Collection</b>	PIA
<b>Indicator Name</b>	Percentage of direct beneficiaries of e-work that are satisfied with the support provided by the Project, by type of support and gender
<b>Definition/Description</b>	The objective of the grievance redress mechanism (GRM) is to help ensure that the Project supports the intended beneficiaries (direct and indirect) and that the support is provided in full and in a timely and satisfactory manner. The GRM allows complaints and appeals from (actual or potential) Project beneficiaries to be effectively addressed.
<b>Frequency</b>	Every 6 months
<b>Data Source</b>	PIA MIS
<b>Methodology for Data Collection</b>	Recipient NGOs report to the PIA
<b>Responsibility for Data Collection</b>	PIA



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<b>Indicator Name</b>	of which e-work female beneficiaries
<b>Definition/Description</b>	
<b>Frequency</b>	Every 6 months
<b>Data Source</b>	PIA MIS
<b>Methodology for Data Collection</b>	Recipient NGOs report to the PIA
<b>Responsibility for Data Collection</b>	PIA
<b>Indicator Name</b>	of which e-work male beneficiaries
<b>Definition/Description</b>	
<b>Frequency</b>	Every 6 months
<b>Data Source</b>	PIA MIS
<b>Methodology for Data Collection</b>	Recipient NGOs report to the PIA
<b>Responsibility for Data Collection</b>	PIA



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<b>Indicator Name</b>	Percentage of claims and grievances processed, and resolved within 30 days.
<b>Definition/Description</b>	The objective of the grievance redress mechanism (GRM) is to help ensure that the Project supports the intended beneficiaries (direct and indirect) and that the support is provided in full and in a timely and satisfactory manner. The GRM allows complaints and appeals from (actual or potential) Project beneficiaries to be effectively addressed.
<b>Frequency</b>	Quarterly basis
<b>Data Source</b>	PIA MIS
<b>Methodology for Data Collection</b>	Recipient NGOs report to the PIA
<b>Responsibility for Data Collection</b>	PIA

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## **ANNEX 1: Implementation Arrangements and Support Plan**

1. The proposed Project has three components. The first component, where most of the Project funds are allocated, will finance C4W opportunities for target youth, providing them with a temporary safety net but also relevant work experience and hope. This is an appropriate intervention in the Gaza context given the high rates of youth inactivity and vulnerability, and the limited prospect to find jobs in the private sector. To maximize the social impact of the operation, the Project will prioritize social services provided to vulnerable groups. Women are expected to largely benefit from this operation, given that social services are more amenable to young women than infrastructure projects. The second component of the Project will finance support for target youth to access internet-enabled self-employment opportunities (e-work), aiming at generating sustainable employment. Given restrictions of movement in and out of Gaza, and the increasing global outsourcing of tasks facilitated by digital technologies, e-work presents a promising opportunity for young people in Gaza. Both C4W and e-work opportunities will be designed to appeal to both lower-skill and higher-skill youth. The third component will support the Project management, monitoring and evaluation.
2. Implementation arrangements have been kept as simple as possible and build on the successful implementation experience gained under the previous series of Bank funded NGO projects. The objective is to ensure rapid and effective impact on the poorest segments of the population, addressing urgent social service needs.
3. The NDC will have the primary responsibility for overseeing project implementation and ensuring compliance with the Bank's procedures and guidelines.
4. Sub-projects will be identified and implemented by NGOs in consultation with relevant communities and public institutions (for C4W sub-projects). NGOs will submit sub-project proposals to NDC based on the criteria set in the POM. Proposals could include services to support economic activities (e.g., agriculture or fishing), but given the deficit in social services, priority will be given to social services to vulnerable groups, e.g., specialized health care and rehabilitation services for the disabled, education services, and psychological support for children. Given the dire needs in Gaza, funds may be allocated entirely in one grant cycle. As this is an emergency response, the sub-project proposal submission process will be agile. NDC will conduct an expeditious evaluation of NGOs and sub-project proposals. The evaluation criteria will include the relevance of the proposed activities, the NGO's track record, its implementation capacity, realistic budget and targets. All such procedures, application forms and templates for submitting proposals are clearly described in the POM.
5. Advance planning and reliance on the existing strong institutional arrangements will give the Project immediate impetus and reduce the time needed for preparation. NDC will try to reach out to the NGO community about the Project ahead of the Project launch. This entails: (i) a large communication and consultation campaign; (ii) close coordination with government counterparts, international organizations and development partners; and (iii) identification of priority areas and target groups.
6. Coordination of Project implementation will take place at the following levels:
  - Coordination with government counterparts, such as MoSD, MoL and the Employment Fund to ensure proper targeting, including the verification of unemployment and CTP status of interested youth. NDC



may have to sign Memoranda of Understanding (MOU) with MoSD and MoL to secure access to relevant databases.

- Coordination with UNRWA, Gaza. As a major service provider in Gaza and the implementer of one of the largest cash for work programs, NDC shall closely coordinate with UNRWA to solicit information on existing gaps in the social sector, priority areas and verified hardship cases currently awaiting temporary and emergency cash for work opportunities. These aspects shall be relayed to the potential NGOs and could be considered when submitting proposals for funding.
- Coordination within and across the NGO community. To maximize benefits and ensure efficiency gains, NGOs shall establish a mechanism to convene on a regular basis to share knowledge, identify priority areas, and perhaps submit joint proposals.

### **Project Supervision and Monitoring**

7. As an emergency operation in a volatile environment, the proposed Project will require intensive supervision and decentralized assistance to the implementing agencies. The Bank team will comprise the appropriate skill mix and experience, including staff both from the Country Office and from the Washington, Office as required for successful project implementation. The Bank task team will regularly visit and follow-up on implementation matters. The team will provide the necessary technical support to ensure proper monitoring, and compliance with Bank procurement, financial management and reporting procedures. In addition, it will coordinate and harmonize Project activities with all development partners engaged in similar interventions in Gaza.

### **M&E and Reporting**

8. NDC will monitor and evaluate the Project in close collaboration with the NGOs. It will utilize its existing framework, including the Project Management Information System, to manage data collection, aggregation and periodic reporting on the Project's implementation progress. NDC will closely monitor the Project's key performance indicators and evaluate overall progress. NDC will maintain adequate staffing with the required expertise to provide technical and implementation support to the NGOs. NDC will also ensure that all procurement and financial management activities are carried out in accordance with applicable Bank guidelines and procedures.

9. **Reporting.** NDC will submit quarterly progress reports and furnish them to the Bank in a timely manner. NDC will also prepare Interim Unaudited Financial Reports (IFRs) every quarter, as well as audited project financial statements on an annual basis; the latter will be furnished to the Bank no later than six months after the end of each year.

10. NDC, in conjunction with the World Bank, will carry out a mid-term review (MTR) of the Project. NDC will prepare and furnish to the Bank a report integrating the results of the monitoring and evaluation of Project activities during the period preceding the MTR, setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the PDO. This review will be used to identify performance improvement opportunities and to prepare a revised action plan to guide implementation during the remainder of the Project. NDC will also prepare an Implementation Completion and Results Report and furnish it to the Bank within three months of project closing.



## ANNEX 2: Unemployment Amongst Skilled Women in the Palestinian territories

- 1. The lack of good job opportunities in the Palestinian territories (West Bank and Gaza) remains a central challenge to achieving inclusive growth, peace, and stability in the region.** The unemployment rate in the Palestinian territories (PT) has remained stubbornly high since 2003, reaching 26 percent in 2015 and disproportionately affecting youth (41 percent) and women (39 percent). There are stark differences in unemployment rates between the West Bank (26 percent) and Gaza (41 percent), and job informality has been persistently high, reaching 61 percent of the workforce in 2015.
- 2. Limited job creation stems from low levels of private sector investment and its concentration in low-productivity sectors with weak potential for growth and job creation.** This situation arises mainly from the ongoing conflict between the Palestinian territories and Israel. Volatile economic growth has not brought about employment growth, and the situation is not likely to improve in the medium term without meaningful changes in Israeli restrictions on trade, movement, and access. Private sector investment remains low and is far from sufficient to fuel adequate rates of economic growth, job creation, and reductions in unemployment. In addition, employment in productive tradable sectors (such as manufacturing) has shrunk, while it has expanded in less productive non-tradable services, dominated by small informal firms with low potential for growth and job creation. Although the main underlying constraints are the Israeli restrictions on trade, movement, and access, internal constraints also play a role. These constraints include a poor business climate characterized by a lack of competition; costly and non-streamlined processes for land surveying, dispute resolution, and registration; limited access to finance for small and medium enterprises; and an education and skills training system that does not equip graduates with the skills needed by businesses—that is, there is a skills mismatch.
- 3. A striking feature of the labor market in the PT is the significantly higher rate of unemployment among skilled women relative to skilled men.** There are significant differences in unemployment rates between postsecondary-educated males and females. Both females and males with a postsecondary education (including associate diplomas) comprise 18 percent of the working-age population. Women with higher levels of education are significantly more likely to join the labor force than those with lower levels of education. The same is true for men, although to a lesser extent. Thus, even though the labor force participation (LFP) rate for skilled women (68 percent) is lower than that for skilled men (89 percent), it is high nonetheless. Yet the unemployment rate for skilled women (47 percent) is more than double that for skilled men (18 percent). Unlike men, high-skilled women are also more likely to be unemployed than low-skilled women.
- 4. Within Gaza, 60 percent of all highly educated women in the labor market are unemployed, compared to 38 percent the West Bank.**<sup>13</sup> These figures are despite a very high 73 percent labor force participation rate among post-secondary educated women in Gaza. The average age of an unemployed woman with a postsecondary education is 27.6 years. Her employed counterpart is, on average, 35.8 years old. Unemployment among Palestinians with a postsecondary education is primarily a problem for youth. Of all postsecondary-educated unemployed Palestinians, 89.3 percent are between the ages of 19 and 34. The composition of the unemployed population is remarkably similar for both men and women, highlighting that both men and women over the age of 35 have been able to find jobs and did not drop out of the labor market. This is confirmed by the fact that skilled women in the 35+ age groups participate in the labor force at rates of between 60 and 70 percent.

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<sup>13</sup> The mean predicted probability of a skilled woman finding employment is 62 percent in the West Bank and 43 percent in Gaza. The logit regression controls for age and marital status.



5. Understanding the reasons for high skilled unemployment for women is crucial for policy purposes because skilled women make up the bulk of the female labor force; they are more prepared to contribute to the economy in Gaza than low-skilled women; and their employment can have a demonstration effect on female employment more generally. The fact that over half of high-skilled women in Gaza are unemployed represents a missed opportunity. This group, with its readily available skills, may require little investment in skills development and upgrading, if barriers to its employment are eased. In addition, the very high unemployment rates among skilled women hint at a worrisome trend of a weakening link between education and employment outcomes in Gaza. This trend may discourage further investments in human capital, which could have serious consequences for welfare and stability in a fragile context. Finally, skilled women constitute 76 percent of the female labor force in Gaza. In other words, they are by far the largest cohort of women who indicate that they are both looking for a job and are willing to work. Addressing the constraints this cohort faces will have immediate implications to the economy. Finally, easing constraints on skilled female employment could have a demonstration effect, prompting other women to enter the labor market in a context in which overall female LFP rates remain among the lowest in the world.

#### **Understanding the higher rates of unemployment among skilled women**

6. **Young skilled women have a harder time making the transition to work than young skilled men.** Skilled female unemployment in the PT is concentrated among young postsecondary graduates between the ages of 19 and 34, indicating a rough transition into the labor market and long, adverse spells of unemployment. Young male graduates encounter an equally rough transition at first. However, they seem to transition faster than females. Skilled females between the ages of 25 and 34 face an unemployment rate of 58 percent, compared with 23 percent for their male counterparts. In terms of regional distribution, the unique economic challenges faced by Palestinians in Gaza translate into an astonishing unemployment rate of 60.9 percent of all highly educated women. By contrast, in the West Bank 38.3 percent of postsecondary-educated women are unemployed. Overall, young skilled females experience more barriers in their transition to work and complete this transition at a slower rate than young skilled males.

7. **Once young skilled men and women manage to successfully transition into work, they are more likely to have “good quality” jobs than low-skilled men and women.** The majority work in the public sector, followed by the formal private sector. Skilled men and women are less likely to hold an informal job or work in an informal firm. In fact, in 2015 only 4 percent of employed skilled females and 11 percent of employed skilled males worked in an informal firm. By contrast, semi- and low-skilled workers of both sexes work informally in large numbers. Skilled workers earn wages that are higher than those of workers with less education. This finding is in line with evidence that a more educated cohort can likely afford to wait longer to find desirable jobs.

8. **In recent years, the relative demand for skilled workers has declined.** The increase over the last 10 years in the public sector’s share of the gross domestic product (GDP) is not explained by higher public employment but by higher wages—in fact, the share of public employment has declined slightly. In addition, the reallocation of resources from productive tradable sectors to less productive non-tradable sectors has translated into a decline in the relative demand for skilled workers. The demand for labor is mostly concentrated among holders of a secondary education or lower, and hardly any new jobs have been created for university graduates. Occupations that require a tertiary education (that is, professionals and technicians) saw their share of net employment fall between 2012 to 2015.

9. **Skilled men appear more willing or able to work in low-skilled occupations than skilled women.** A lower share of skilled men (68 percent) than skilled women (92 percent) work in occupations that are commensurate



with their skill levels—for example, as professionals and technicians, as well as legislators, senior officials, and managers. This means that 32 percent of skilled men work in low-skilled occupations (that is, occupations that require only a secondary education or less), compared with only 8 percent of skilled women.

10. **The difference in occupations by gender is closely associated with differences in fields of study.** Women tend to study fields geared toward public sector employment and focus on the social sciences and humanities. In 2015, 26.1 percent of female graduates received a teacher training degree, followed by a degree in business and administration (13.9 percent). Fewer men study teacher training. They tend to gravitate toward the study of law, architecture and building, computing, and engineering. This difference may reflect in part genuine differences in preferences, but it also may be a response to the types of occupations that are available to women.

#### **Constraints to the job options of skilled women**

11. **Many of the constraints that prevent skilled Palestinians from finding jobs are not specific to women, yet women are most heavily affected by these constraints.** Some of the constraints to women finding employment are:

- *Legislation and regulations that limit women's choices in careers, sectors, and occupations.* Some laws do not apply equally to married women and married men. For example, married women may not be able to get a job without permission from their husband and may not be free to travel outside the home. Such laws limit the autonomy and movement of women and make it more difficult for them to join the workforce.
- *The absence of regulations for better access to comprehensive, affordable, and high-quality child care that could free up the time women need to work and compete in the job market.* This constraint is particularly relevant in a traditional society where the burden of household care falls on women.
- *Employer-paid maternity benefits, with no mandated paternal benefits, that may unintentionally raise the costs incurred by firms and thus discourage them from hiring females.*
- *The absence of workforce protection provisions that safeguard against implicit and explicit forms of discrimination in the workplace, especially in small and less traditional offices.*
- *The absence of measures against sexual harassment in the workforce, such as legislation, civil remedies, or criminal penalties.* This absence is another deterrent to women accepting jobs in the small private sector.
- *Restricting female employment during night shifts.* Although some of these restrictions are intended to protect women, in some industries such as accommodation and restaurants they may curtail women's opportunities.
- *Possible discrimination in the formal private sector that prevents skilled women from accessing jobs or hampers their ability to rise to senior and managerial positions.* In 2013 the percentage of females who became top managers in the manufacturing, retail, and nonretail services sectors in the formal private sector was only 1.2 percent, compared with an average of 5.1 percent for the broader Middle East and North Africa (MENA) region and 19 percent globally.

12. **Because of the limited presence of skilled women in male-dominated sectors and occupations, employers may lack information about their performance, making it difficult for them to adequately form expectations about women's productivity.** In addition, employers in the private sector, particularly in small firms, may lack a credible screening mechanism for finding employees because of potentially high search costs. They rely instead on informal networks from which skilled females could be excluded. As one Gaza-based employer





noted, “When we need workers, we ask our current employees to bring their relatives or friends to work with us, as they are immediately available.”

13. **Entrepreneurship is an alternative economic activity for skilled women, but female entrepreneurs face more constraints than their male counterparts.** In 2015, only 1.7 percent of skilled females reported that they were employers, and in 2010 only 7 percent of women were entrepreneurs with businesses that had been established for three years or less, compared with 14 percent of men. Social norms are additional significant constraints on skilled females aiming to become entrepreneurs. These norms include the uncertainty surrounding young businesses, which means that entrepreneurs may have to work late or chaotic hours. Additional barriers include the lack of encouragement and prejudices by family members, leading to risk aversion and fear of failure, as well as exclusion from some of the social contacts and institutions within Palestinian society that are key to raising funds, resources, and support for new entrepreneurs. Although women have access to financial services, social norms often mean that male family members serve as the head of household responsible for all financial activities. In 2014, 21 percent of females aged 15 and over had an account at a financial institution, compared with 27 percent of males. Finally, even though the law maintains that both women and men have equal ownership rights to property, women own less land or property, limiting their ability to offer collateral to secure credit.



ANNEX 3: Financial Management

Implementing Entity

1. Fiduciary activities, including procurement and financial management, will be handled by NDC. NDC will manage the day-to-day financial management aspects of C4W and will be the main counterpart for the Bank. NDC will ensure that financial management (FM) under C4W is carried out in accordance with Bank procedures to ensure that the funds are used for the intended purpose.

Risk Analysis

Fiduciary Risks

2. 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. This risk is mitigated through an experienced implementer which has good capacity. The Project level risk is rated at Substantial which will be mitigated with close supervision by the team and regular audits. The entity level risk is rated at Moderate, as NDC has experience of managing similar projects and has experience with World Bank policies and procedures, as well as good internal controls. The overall FM risk is rated Substantial and the procurement risk is Moderate. The overall fiduciary risk is rated as Substantial.

Project Risks

3. The overall Project risk from a financial management perspective is Substantial. The FM arrangements are designed to ensure that funds are used for the purpose intended and that timely information is produced for project management and oversight, and to comply with the Bank’s fiduciary requirements. Below are the main risks and mitigating measures.

Risk Assessment and Mitigating Measures

Risk	Risk Before MM	Mitigating Measures (MM)	Risk After MM
<b>Inherent Risks</b>			
Country level			
Inherent risk	H	The Project will be ring fenced through NDC. NDC has good capacity and has successfully implemented several World Bank projects in the past.  A private external auditor will be hired to perform the annual audit of the Project FS.	S



Risk	Risk Before MM	Mitigating Measures (MM)	Risk After MM
Project level			
Ineligible expenditures and misappropriation.	S	Bank supervision and SOE reviews Ex post audit measures (annual audit) by the external auditor	M
Inherent Risk Before MM	H	Inherent Risk after MM	S
<b>Control Risks</b>			
Project Level			
<p>The decentralized implementation of project activities and the involvement of NDC requires high capacity.</p> <p>NGOs could lack capacity and there is a risk of misappropriation and ineligible expenditures at the NGO level.</p> <p>NGOs may not return amounts advanced in case not all the funds have been used (risk of beneficiaries quitting).</p>	S	<p>NDC has high capacity through its work in the NGO sector. It is also familiar with World Bank policies and procedures through the PNGO projects.</p> <p>Eligibility criteria have been set for NGOs, including adequate FM capacity. There will be frequent supervisions by NDC as well as spot audits on the beneficiaries and a financial audit. After the first advance to the NGOs, the spot audit reports have to come back clean in order to disburse more funds.</p> <p>Amount of 10 percent will be retained by NDC for each NGO and will be disbursed in the last quarter after verification that all amounts have been used.</p>	S



Risk	Risk Before MM	Mitigating Measures (MM)	Risk After MM
<b>Implementing Agency</b>			
Inadequate accounting and reporting system that can capture data for all Project activities  Financial Procedures Manual will have to be developed both at the PC and the PIA to meet the Project’s FM requirements.	S	NDC was selected because of its capacity to run the Project.  NDC has a well-functioning computerized accounting system. The chart of accounts will be revisited to ensure applicability to the current Project.  The system is capable of opening a separate cost center to account for and report on the Project transactions.  The POM has been reviewed by the Bank.	S
Control Risk Before MM	S	Control Risk After MM	S
Overall FM Risk	S	FM Risk After MM	S

**Financial Management System**

4. **Flow of funds and banking arrangements.** Bank financing will be a grant to be disbursed through a project-specific Designated Account (DA) opened and operated by NDC. NDC’s FM capacity was assessed as **Satisfactory**.

5. Withdrawal Applications submitted to the Bank will be prepared by NDC, and signed by the authorized signatories at NDC before submission to the Bank.

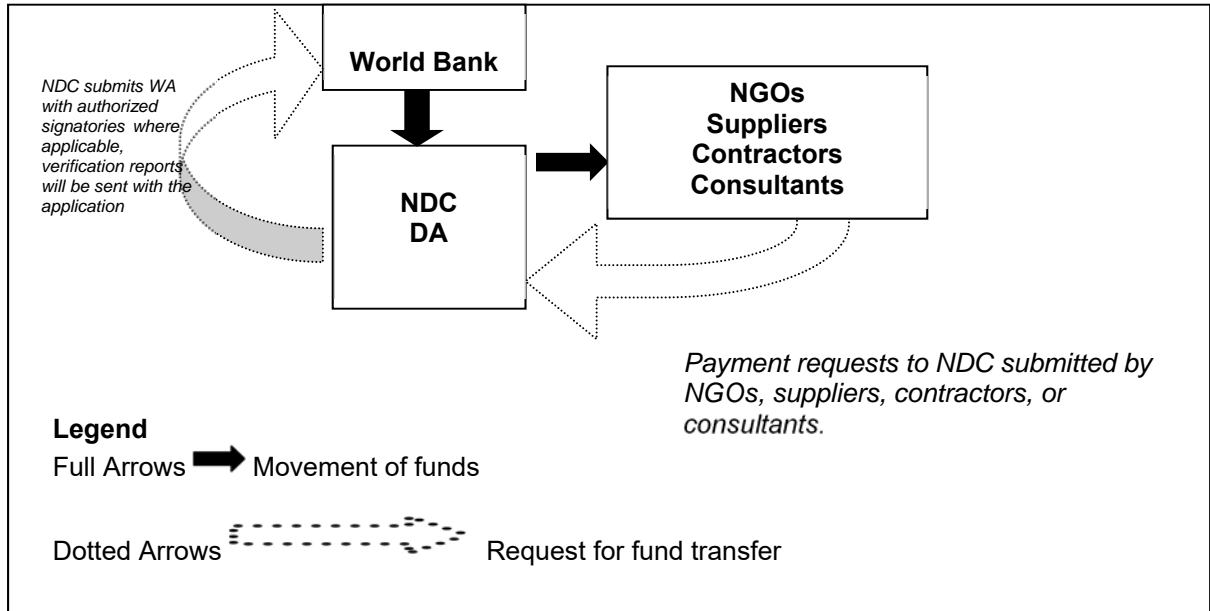
6. Grant implementation agreements will be signed with eligible NGOs after the selection process is complete. NGOs will be required to open a separate bank account to receive funds from NDC. An initial advance of 30 percent will be given to eligible NGOs. After the advance to NGOs, further disbursements will be contingent on clean spot audit reports. NDC will retain 10 percent until the last quarter in order to mitigate the risk that NGOs will not return any unspent funds. Beneficiaries will be paid by the NGOs through commercial banks.

7. NDC will vest the sole responsibility to disburse to NGOs and will have a monitoring and supervision system in place with regular reporting from the NGOs to NDC. NDC will also maintain a monthly reconciliation statement between its records and the Bank’s records per the World Bank’s Client Connection. Such reconciliation will set out disbursements by category, as well as the DA balance. Disbursement and payment requests will be based on approved agreements and services predefined in C4W documents.



- 8. DA bank account records will be reconciled with bank statements on a monthly basis by NDC. A copy of each bank reconciliation statement, together with a copy of the relevant bank statement, will be reviewed monthly by the Project Financial Officer at NDC, who will investigate and resolve any identified differences. Detailed banking arrangements, including control procedures over all bank transactions (e.g., check signatories and transfers), are documented in the Financial Section of the POM.
- 9. Figure A2.4 describes the funds flow for C4W.

Figure A2.4 Flow of Funds for C4W



- 10. **Information Systems.** A computerized FM system is operational at NDC. The FM system is capable of producing timely, relevant, and reliable financial information that will enable NDC’s management to plan, implement, monitor, and appraise overall progress toward the achievement of objectives. A new cost center will be opened in the accounting system, which will be used by NDC to record all Project transactions.
- 11. **Accounting Policies and Procedures Manual.** NDC has prepared a POM covering all administrative, financial and accounting, budgetary, and human resources procedures relevant to the activities to be financed under C4W. The POM describes the payment procedures, including controls and oversight arrangements.
- 12. **Staffing.** C4W activities, including financial management, will be handled by NDC. Staffing is adequate and segregation of duties is ensured. There is an active Board of Directors at NDC which also provides oversight.
- 13. **Financial Reporting and Monitoring.** NDC will have overall responsibility for financial management of C4W. Specifically, NDC will be responsible for: (i) consolidating grant financial data; (ii) preparing activity budgets (Disbursement Plan) quarterly as well as annually, monthly DA reconciliation statements, and periodic Statements of Expenditure (SOEs), withdrawal schedule, quarterly IFRs and annual financial statements; and (iii) ensuring that C4W’s FM arrangements are acceptable to the World Bank.
- 14. NDC will produce quarterly and annual reports as outlined below and submit these to the Bank.



**Quarterly unaudited IFRs (submitted within 45 days after quarter-end)**

- (i) 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 C4W; and supporting schedules comparing actual and planned expenditures with detailed deviation analysis between actual and budgeted figures.
- (ii) Contract listing, reflecting all signed contracts under the grant with the value of each amount disbursed under each contract as at the report date.
- (iii) DA statement and reconciliation, showing deposits and replenishments received, payments supported by WAs, interest earned on the account, and the balance at the end of the reporting period.

**Quarterly spot audits (submitted within 60 days after quarter-end)**

- (i) 50 percent of all contracted NGOs will be selected for spot audit on a quarterly basis.
- (ii) The Auditor will state whether the beneficiaries meet the eligibility criteria listed in the GIA.
- (iii) The Auditor will verify that beneficiaries are performing activities according to the agreement.
- (iv) The Auditor will ensure that financial payments are being made to the beneficiaries according to the agreement.

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

- (i) A Statement of Sources and Uses of Funds (by grant category/activity showing Bank and counterpart funds separately).
- (ii) A Statement of Cash Position for C4W funds from all sources.
- (iii) Statements reconciling the balances on the DA accounts with the Bank balances shown on the Statement of Sources and Uses of Funds.
- (iv) Notes to Financial Statements on significant accounting policies and all other relevant information.

15. **Accounting Policies and Procedures.** NDC accounts will be maintained on a cash basis of accounting, augmented by appropriate records and procedures to track commitments and to safeguard assets. Accounting records will be maintained in US Dollars.

16. **External Audits.** The Grant Agreement (GA) will require the submission of annual audited C4W financial statements within six months after year-end and quarterly spot audits submitted within 60 days of quarter end. The final spot audit will include a financial audit of all the NGOs. C4W's financial statements will be audited annually by a qualified independent auditor acceptable to the Bank, in accordance with internationally accepted auditing standards under terms of reference acceptable to the Bank.



17. The external auditors will be expected to express an opinion on the audited C4W financial statements, on the eligible use of the Bank's contribution to C4W, the accuracy and propriety of expenditures and the extent to which these can be relied upon as a basis for loan disbursements, and the DA transactions, balances, and compliance with Bank procedures.

18. In addition to the audit report, the external auditors 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 Bank GA.

19. The external auditor will also be required to undertake the spot audits and will be required to verify a selection of beneficiaries on a monthly basis.

20. **Implementation Support.** World Bank Financial Management supervision activities will include, but not be limited to, review of SOEs, review of quarterly IFRs, and review of spot audits and annual audited financial statements and management letters, as well as timely follow-up on issues raised by the external auditor. Field supervisions will be undertaken on a periodic basis during the life of C4W. Bank supervision missions will consist of visits to NDC and the NGOs as necessary. Relevant documentation will be made readily available to Bank supervision missions.

## Disbursements

21. Disbursements from the Bank will use the four traditional methods: Reimbursement, Advance, Direct Payment, and Special Commitment. Reimbursement and Designated Account advance replenishment will follow the transaction-based method, using SOEs for documenting paid eligible expenditures. Reimbursement, Direct Payments, and Special Commitment Issuance Applications can be accepted if the amount is above the "Minimum Application Size" specified in the Disbursement Letter.

22. **DA:** The DA will be held in US Dollars. The ceilings of the DA and the financial institution at which the DA will be agreed to during negotiations. An advance will be requested at the start of the Project and subsequent disbursements into the DA will be requested through Withdrawal Applications (WAs), reconciled bank statements, and copies of all bank statements. Supporting documentation for requests for direct payment should be records evidencing eligible expenditures (copies of receipts, suppliers' invoices).

23. **Planning and Budgeting:** A disbursement plan will be prepared along with a financial budget for the life of C4W (broken down by year and by quarter). NDC 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 C4W activities, schedules, and expenditures on monthly and quarterly C4W activities. The annual budget will be sent to the Bank for review at least two months before the beginning of C4W's fiscal year.