



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 11-Jul-2018 | Report No: PIDISDSA24922



BASIC INFORMATION

A. Basic Project Data

Country West Bank and Gaza	Project ID P167726	Project Name Gaza Emergency Cash for Work and Self-Employment Support	Parent Project ID (if any)
Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date 09-Jul-2018	Estimated Board Date 10-Aug-2018	Practice Area (Lead) Social Protection & Labor
Financing Instrument Investment Project Financing	Borrower(s) NGO Development Center	Implementing Agency NGO Development Center (NDC)	

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 1: Cash for Work (C4W)
- Component 2: Internet-enabled self-employment (e-work)
- Component 3: Project Management, Monitoring and Evaluation

The processing of this project is applying the policy requirements exceptions for situations of urgent need of assistance or capacity constraints that are outlined in OP 10.00, paragraph 12.

Yes

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

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

DETAILS

Non-World Bank Group Financing



Trust Funds	17.00
Special Financing	17.00

Environmental Assessment Category

C-Not Required

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

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 Authorities 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 mainly driven by high levels of donor financing, which however sharply dropped from 29 percent of GDP in 2008 to 6 percent in 2015. Despite sizeable postwar reconstruction spending over 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.

Bringing unemployment to alarming levels, particularly among youth and women. Job creation in the private sector has virtually come to a halt as a result of uncertainty, the ongoing conflict with Israel, the blockade¹, and structural deficiencies. Faced by budget cuts, the public sector and UNRWA have not been able to make up for it. While an average of 120,000 youth between the ages of 15 and 29 have been entering the labor market every year. This has resulted in rising unemployment, reaching 50 percent in the first quarter of 2018, one of the highest rates in the world.

The decline in aid flows is having a significant impact on services and jobs. Since 2014, donor aid to the

¹ 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).



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. With the recent freeze by the United States for UNRWA funding, living standards for Palestinians in Gaza can be expected to further decline, with an estimated impact on around 70 percent of the population in Gaza through a loss of UNRWA-financed jobs.

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 (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.

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 student's 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 suffering from sea water intrusion.

B. Sectoral and Institutional Context

The Palestinian Authority'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, the disabled and vulnerable groups, for a life of dignity and equality.

The Cash Transfer Program (CTP) has provided the government with a scalable and well-targeted instrument to fight poverty. Since 2010, the World Bank has been supporting the government efforts to reduce poverty and improve Social Safety Nets (SSN). With support from the World Bank and the 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 government 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.

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.

Bold and urgent action is needed to prevent an economic and political crisis in Gaza. The Gaza government 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. And, although limited, there are some opportunities for private sector growth and job creation. For example, given restrictions of 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.

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 particularly 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 Project beneficiaries are women.

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, the Employment Fund and MOSD. Finally, MOFP will be invited to NGO Development Center (NDC)'s Board meetings to review and approve the NGO sub-project proposals.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)



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.

Key Results

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 6 months after that, by gender.

D. Project Description

The Project will be implemented over three years. Component 1 has been designed so that implementation can start immediately following Project effectiveness, and be fully completed by the second year. Component 2 is expected to be implemented and delivered through Project completion. Below is a description of each component:

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

This component will support the financing of C4W opportunities for target youth in services provided by NGOs across the Gaza Strip. 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). However, priority will be given to social services provided by NGOs to vulnerable groups. 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.

The C4W component has been designed to deliver quick results. These design features will be detailed in the Project Operations Manual (POM), which will be ready, along with guidelines and outreach material for NGOs, by project effectiveness. The Project Implementing Agency (PIA) will do the outreach to NGOs and immediately prepare a single call for C4W proposals. NGOs will be asked to prepare C4W proposals based on their comparative advantage, and to ensure proposals are discussed with relevant communities and relevant public institutions before submission. 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. Selected NGO is a non-governmental, non-profit and non-partisan organization with offices registered in West Bank or Gaza for at least five years;
- b. Selected NGO has an operating office in the Gaza Strip for at least one year;
- c. Selected NGO has proven track record working in poor and marginalized communities;
- d. Selected NGO possesses financial management and administrative systems to implement Cash for Work Sub-projects deemed acceptable to the World Bank; and



- e. Selected NGO has annually disbursed in funds no less than \$200,000 between 2015 and 2017.

Selected NGOs will hire youth based on a competitive and transparent process and the targeting criteria set by the project. Each beneficiary will work for 6 months and receive a stipend equivalent to US\$380 per month. This amount, which is right below the minimum wage (about US\$400), 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.

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

This component will finance support for target youth to become e-workers/online freelancers. 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 more simple 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.

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 *Taqat*. 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 of time, 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. The e-work component is expected to benefit around 750 youth (375 women).

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

This component will finance the costs of project management and monitoring incurred by the PIA: the NGO Development Center (NDC). 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.

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 an FM system (i.e., a computerized accounting system) to monitor the disbursement process and to ensure the accuracy of transactions and promptness of payments. An independent/external auditor shall be hired and is expected 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.

Project Beneficiaries

The direct beneficiaries of the project are youth (ages 18 to 34) in Gaza who have been unemployed for at least 1 year. Unemployment status will be validated against the Ministry of Labor’s database, with additional checks to be performed by 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 in 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 Ministry of Social Development’s CTP beneficiary database. Also, only one beneficiary (of C4W or e-work support) per household will be allowed. 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 Project beneficiaries will be women. Indirect project beneficiaries will include: (i) Household members in households where youth benefit from C4W opportunities; and (ii) Vulnerable people directly benefiting from the services provided under C4W projects (e.g. disabled, elderly, children, women)

E. Implementation

Institutional and Implementation Arrangements

The NGO Development Center (NDC) will be the signatory of the Trust Fund Grant Agreement (TFGA), the recipient of the Grant and the Implementing Agency for the Project. The NDC was identified as the most suitable implementing agency for this operation for the following reasons: (i) the 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 NGO sector in Palestine—it is unique in that respect; (iii) NDC has increasingly become a respected leader in the NGO community and 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 like UNRWA and international NGOs.

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).

NDC will prepare a Project Operations Manual (POM). The POM will detail the criteria and procedures for selecting NGO sub-projects and target youth under both components. The POM shall be finalized and endorsed by project negotiations.



F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Gaza Strip

G. Environmental and Social Safeguards Specialists on the Team

Helen Z. Shahriari, Social Safeguards Specialist

Zeyad Abu-Hassanein, Environmental Safeguards Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

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

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

N.A.



2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

N.A.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

N.A.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

N.A.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

N.A.

B. Disclosure Requirements

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

NA

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

NA



All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

NA

Have costs related to safeguard policy measures been included in the project cost?

NA

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

NA

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

NA

CONTACT POINT

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APPROVAL

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