



Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 02/07/2024 | Report No: ESRSA03270

**I. BASIC INFORMATION****A. Basic Operation Data**

Operation ID	Product	Operation Acronym	Approval Fiscal Year
P504704	Investment Project Financing (IPF)	PEFF	2024
Operation Name	Palestinian Emergency Financing Facility		
Country/Region Code	Beneficiary country/countries (borrower, recipient)	Region	Practice Area (Lead)
West Bank and Gaza	West Bank and Gaza	MIDDLE EAST AND NORTH AFRICA	Governance
Borrower(s)	Implementing Agency(ies)	Estimated Appraisal Date	Estimated Board Date
Palestinian Liberation Organization	Ministry of Finance	06-Feb-2024	20-Feb-2024
Estimated Decision Review Date	Total Project Cost		
05-Feb-2024	30,000,000.00		

Proposed Development Objective

To contribute to service delivery in the West Bank.

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

Yes

C. Summary Description of Proposed Project Activities

[Description imported from the PAD Data Sheet in the Portal providing information about the key aspects and components/sub-components of the project]

This operation will provide \$30 million to sustain critical service delivery in the Palestinian territories due to the ongoing conflict and its knock-on effects on the West Bank. The situation has resulted in a dire fiscal crisis for the Palestinian Authority, impacting its ability to pay salaries, risking the provision of key public services. The emergency operation will support service delivery by partially financing eligible staff salaries in the education sector, through 100 percent



retroactive financing. The project will provide partial reimbursement for the payment of the salaries of approximately 45,000 education employees in the West Bank.

D. Environmental and Social Overview

D.1 Overview of Environmental and Social Project Settings

[Description of key features relevant to the operation's environmental and social risks and opportunities (e.g., whether the project is nationwide or regional in scope, urban/rural, in an FCV context, presence of Indigenous Peoples or other minorities, involves associated facilities, high-biodiversity settings, etc.) – Max. character limit 10,000]

The project will be implemented in the West Bank. The project does not involve any physical works or any other activities that may cause physical impacts.

Briefly, the conflict in Gaza since October 2023 has also led to a deterioration of the overall security situation in the West Bank. Significantly, the conflict has severely limited the ability of the Palestinian Authority (PA) to pay salaries to its employees. A sharp decrease in PA revenues since October 2023 has also impacted the education sector and there is a severe shortage of funds to pay the salaries of teachers and other education personnel. In October, salaries were partially paid with borrowings from commercial banks; in November, salaries were partially paid (at 65%) and a partial payment of arrears was made to employees; and in December no salaries were paid. While education services, a primary public sector function, are continuing during the conflict, they have been adversely impacted. In the West Bank, public schools were forced to move to distance education for a period of three weeks starting mid-November. Since December, while schools have resumed where possible, they have moved to a partial 3-day a week return. However, without teachers getting paid, there is a high risk of disruption of public education service delivery for the rest of the school year.

The project has only one component to retroactively finance partial payment of the salaries of approximately 44,000 education employees in the West Bank. The financing will partially cover the wage bill that was disbursed in November 2023. Eligible expenditures will be limited to the wage bill of West Bank education personnel which is paid through a new electronic payroll system (established with support from the World Bank and the European Union) and will be verified through an audit of the financial statements of the Project. Briefly, education employees will include staff working in institutions providing basic, secondary, pre-primary, and vocational education as well as administrative staff at the MOE and district offices. The Project will be implemented by the Ministry of Finance (MoF) over a four-month period and will help the PA to ensure continuity in provision of education services and reduction of potential damage to human capital formation during the conflict.

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

[Description of Borrower's capacity (i.e., prior performance under the Safeguard Policies or ESF, experience applying E&S policies of IFIs, Environmental and social unit/staff already in place) and willingness to manage risks and impacts and of provisions planned or required to have capabilities in place, along with the needs for enhanced support to the Borrower – Max. character limit 10,000]

The Palestinian Emergency Financing Facility (PEFF) project will be implemented by the MoF. The Directorate General of International Relations and Projects (DGIRP) at MoF will be the Project Implementation Unit (PIU) for the project and will oversee project implementation, monitor progress, and ensure prompt delivery and reporting. MoF has developed, over the last couple of years, satisfactory capacity for management of environmental and social (E&S) risks and impacts



in accordance with the Bank’s Environmental and Social Framework (ESF). MoF is currently implementing the World Bank-funded West Bank Emergency Social Protection Covid-19 Response Project (P174078, parent project) and it’s two Additional Financing projects (P176199 and P181573) under ESF. These projects are being implemented through a Project Coordination Unit (PCU) established at the MoF. The PCU has developed adequate and dedicated capacity for E&S risk management. An Environmental and Social Officer (ESO) and Health and Safety Specialist (HSS) were engaged in December 2020 and continue to support the PCU for E&S planning, preparation, implementation, and monitoring. According to the ISRs of January 2024, the overall E&S progress of projects is assessed as satisfactory. In addition to the Covid-19 project, MoF is also overseeing the management of the World Bank financed Real Estate Registration Project (P168576) which is under the Bank’s old safeguards policies. A dedicated social safeguards specialist in placed under and directly reports to MoF for this project. All the E&S specialists at MoF have participated in and benefitted from multiple World Bank provided trainings (in-person and virtual) to strengthen ESF capacity and implementation in the Palestinian Territories. These include both ESF overview trainings (e.g. 5-day ESF in Practice) as well as deep dive sessions on specific topics such as labor management, occupational health and safety (OHS), and management of sexual exploitation and sexual abuse/sexual harassment risks (SEA/SH). MoF will assign one of the specialists already onboard as a focal person for E&S management of the PEFF project. The Bank team will also continue to provide support (as required) during project implementation.

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

A. Environmental and Social Risk Classification (ESRC) Moderate

A.1 Environmental Risk Rating Low

[Summary of key factors contributing to risk rating, in accordance with the ES Directive and the Technical Note on Screening and Risk Classification under the ESF – Max. character limit 4,000]

The project will not support any kind of physical works or envisage any other kind of activities that may cause direct or indirect environmental impacts. Hence the environmental risk is assessed as low.

A.2 Social Risk Rating Moderate

[Summary of key factors contributing to risk rating, in accordance with the ES Directive and the Technical Note on Screening and Risk Classification under the ESF – Max. character limit 4,000]

The project is not expected to have any adverse social impacts. It will benefit the families of approximately 44,000 eligible education personnel in the West Bank. A few potential social impacts have been identified pertaining to labor management of project workers (see ESS2); data privacy of eligible beneficiaries (see ESS4); and information disclosure/feedback and grievance redress (see ESS10). For management of these risks/impacts the project will rely on well established mechanisms/systems at MoF for labor management, information disclosure/feedback and grievance redress laid out in the project Environmental and Social Commitment Plan (ESCP) and the Project Operational Manual (POM). These mechanisms are deemed as satisfactory and in line with ESF. Based on the above the social risk of the project is assessed as “low”.

[Summary of key factors contributing to risk rating. This attribute is only for the internal version of the download document and not a part of the disclosable version – Max. character limit 8,000]

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

B.1 Relevance of Environmental and Social Standards

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

Relevant

[Explanation - Max. character limit 10,000]

The project will be implemented in the West Bank and will not support any kind of physical works or envisage any other kind of activities that may cause direct or indirect environmental impacts. The project is expected to benefit the families of approximately 44,000 education personnel by partially financing eligible staff salaries through 100 percent retroactive financing. The overall E&S risk of the project is assessed as low. As the project will provide 100% retroactive financing for the November education payroll, an audit will be carried out to verify the eligibility of salary expenditure payments and beneficiary civil servants. Eligibility criteria, to which World Bank financing will be applied, will be included in the Project Operations Manual (POM). Only Eligible Employees - that is education employees in the West Bank (including staff that work in institutions providing basic, secondary, pre-primary, and vocational education as defined in the Education Sector Strategic Plan (ESSP). Employees include teachers and other staff including school principals, janitors, administrative assistants, counselors and other support staff) - are eligible for payment/reimbursement. As part of the project audit, management of social issues - namely grievance redress and information disclosure/beneficiary feedback - will also be examined and corrective actions (if any) will be identified and implemented. Corrective actions may include resolution of any outstanding eligible grievances (pertaining to the retroactive financing period) and improvement of the information disclosure/feedback system. An ESCP has been prepared for the project and will be reviewed and cleared by the Bank and disclosed by project appraisal. Among other aspects, the ESCP will lay out the principles for management of project workers, data privacy of eligible beneficiaries, and information disclosure/feedback and grievance redress. Specific risk management measures will be included in the POM which will be disclosed by project effectiveness.

ESS10 - Stakeholder Engagement and Information Disclosure

Relevant

[Explanation - Max. character limit 10,000]

Parties interested in the project include (but are not limited to) families of project beneficiaries, government agencies such as MoF and Ministry of Education (MoE), Ministry of Social Development (MoSD), teachers' representative associations/unions, Community Based Organisations (CBOs) working in education such as Teacher's Creativity Center, Non-Governmental Organisations (NGOs), and the media. Vulnerable categories (within education personnel) include (but not limited to) women headed households, households with family members with disabilities, and households in areas affected by security challenges. Given the security challenges and movement restrictions across the West Bank and the emergency nature of the project, it was not possible to organize a regular stakeholder consultation session. Hence, instead, bilateral consultations with key institutions (IT Financial Department, Development Expenditure Unit, Budget General Directorate, Compliant Unit) were held over the phone on January 28, 2024 to get feedback about the project. Representatives were informed about the proposed project and anticipated risks/impacts and potential mitigation actions. Discussions also focused on the availability and functioning of the grievance mechanism at MoF. All contacted representatives verified that there are no project activity related social issues to be reported from the retroactive financing period. The project is expected to be of overall benefit to thousands of education personnel families. The MoF representative explained that information disclosure is mainly



done through the MoF Facebook page: https://www.facebook.com/PMOFPS?locale=ar_AR which is functional. During December 2023, the Ministry posted one update regarding payment of October and November 2023 salaries and the remaining arrears. The MoF representative, however, highlighted that they are planning to further strengthen the information sharing/feedback mechanism so as to dispel rumors generated during this period of unrest and to establish better trust between the PA and citizens. Focusing on the complaints mechanism, MoF explained that all complaints and inquiries regarding salaries and cuts are handled by the Complaints Unit at the MoF. Complaints related to hiring, job advancement, promotions and other similar issues are dealt with by the Complaints Unit at the MoE. The representative of the MoF Complaints Unit provided a description of the grievance/complaints system under use and explained that complaints regarding SEA/SH are processed at the Unit level. The system also includes survivors' referral mechanisms through the MoSD. The MoF Complaint Unit received a total of 5 complaints in October and 12 complaints during November and December 2023. All the complaints were regarding delays in payment of salaries and deductions. All complaints were resolved. The Unit also received calls for information and inquiries about salary payments. Engagement with stakeholders also including vulnerable groups will be ensured during project implementation. MoF will continue consultation with all stakeholders throughout the retroactive financing processing period. The consultation will be conducted through in person and virtual meetings and agreed decisions/minutes of meetings will be part of the record. The project audit exercise will also include consultation with all key technical institutions and other stakeholders, including vulnerable groups. Project affected parties will be able to raise their concerns and submit their inquiries or complaints through the MOF centralized complaint system. Affected beneficiaries can submit their complaints electronically via the electronic grievance form that is available at the MoF website <http://www.pmo.ps/pmoof/internal.php?var=60> or through the government electronic complaint portal available at the <https://cs.pmo.gov.ps/>. Complainants can also reach out to the Head of the Complaint Unit at the MoF to file a complaint in person, through email at ikhlasbader2018@gmail.com, or on a mobile number at +972 (0) 599370517. Project commitments regarding information disclosure/feedback and grievance redress will be included in the ESCP. A description of stakeholder engagement measures, including for information disclosure/feedback and grievance redress, will be included in the POM which will be available by project effectiveness. Status of complaints received for the retroactive financing period will also be examined in the financial audit undertaken for the project and corrective actions (if any) will be implemented to resolve (as possible) eligible complaints and strengthen the information disclosure/feedback mechanism.

ESS2 - Labor and Working Conditions

Relevant

[Explanation - Max. character limit 10,000]

Project workers include MOF staff (e.g. managers, IT operators, payroll officers, GM staff); and contracted workers including workers of the audit firm. ESS2 will not apply to MOF workers, and they will remain subject to the terms and conditions of their employment. The provisions of ESS2 related to protection in the work force (i.e. regarding child labor, minimum age and forced labor) and OHS will apply to such agency employees. Similarly, the eligible education personnel receiving receiving retroactive project support are considered beneficiaries of the project and are subject to the terms of their employment. ESS2 provisions (including for workers' grievance redress) will apply to the audit firm workers who will be contracted by MOF and these provisions will be included in the procurement contract for the firm and described in the POM.

ESS3 - Resource Efficiency and Pollution Prevention and Management

Not Currently Relevant



[Explanation - Max. character limit 10,000]

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

ESS4 - Community Health and Safety

Relevant

[Explanation - Max. character limit 10,000]

ESS4 is relevant. Community health and safety risk concerns data privacy of beneficiaries during the audit. In order to mitigate this risk, data privacy clauses/provisions will be included in the contract of the audit firm and a commitment in this regard will be included in the project ESCP.

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

Not Currently Relevant

[Explanation - Max. character limit 10,000]

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

ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources

Not Currently Relevant

[Explanation - Max. character limit 10,000]

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

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

Not Currently Relevant

[Explanation - Max. character limit 10,000]

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

ESS8 - Cultural Heritage

Not Currently Relevant

[Explanation - Max. character limit 10,000]

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

ESS9 - Financial Intermediaries

Not Currently Relevant

[Explanation - Max. character limit 10,000]

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



B.2 Legal Operational Policies that Apply

OP 7.50 Operations on International Waterways

No

OP 7.60 Operations in Disputed Areas

No

B.3 Other Salient Features

Use of Borrower Framework

No

[Explanation including areas where "Use of Borrower Framework" is being considered - Max. character limit 10,000]

Borrower Framework is not being considered for this operation

Use of Common Approach

No

[Explanation including list of possible financing partners – Max. character limit 4,000]

Common approach is not considered

B.4 Summary of Assessment of Environmental and Social Risks and Impacts

[Description provided will not be disclosed but will flow as a one time flow to the Appraisal Stage PID and PAD – Max. character limit 10,000]

The project is assessed to be of low environmental and moderate social risk, and the overall E&S risk is moderate. The project will not support any kind of physical works or envisage any other kind of activities that may cause direct or indirect environmental impacts. The project is expected to have an overall positive impact as it will provide benefit to families of approximately 44,000 education personnel.

Potential social impacts pertain to management of project workers; data privacy of beneficiaries; and information disclosure/beneficiary feedback and grievance redress. As the project will provide 100% retroactive financing, management of social issues will be examined as part of the project audit and corrective actions (if any) will be identified and implemented. The project will rely on well established and functional mechanisms at MoF for management of social impacts.

An Environmental and Social Commitment Plan (ESCP) has been prepared and will be reviewed and cleared by the Bank and disclosed by project appraisal. Among other aspects, the ESCP lays out the principles for management of project workers, data privacy of beneficiaries, and information disclosure/beneficiary feedback and grievance redress. Social risk management measures will be elaborated in the POM.

Stakeholder consultations to obtain feedback regarding the project were conducted on January 28, 2024 and a summary is included in the project ESCP. MoF has functional mechanisms for information disclosure/beneficiary feedback and



grievance redress and these will also be used for the project. Relevant details of the said mechanisms are included in the ESCP and will also be laid out in the POM.

C. Overview of Required Environmental and Social Risk Management Activities

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

[Description of expectations in terms of documents to be prepared to assess and manage the project's environmental and social risks and by when (i.e., prior to Effectiveness, or during implementation), highlighted features of ESA documents, other project documents where environmental and social measures are to be included, and the related due diligence process planned to be carried out by the World Bank, including sources of information for the due diligence - Max. character limit 10,000]

Social Issues Section, as part of Project Audit – during implementation.

III. CONTACT POINT

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V. APPROVAL

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