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Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 02-Mar-2023 | Report No: PIDISDSA35859

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Project Name	Parent Project ID (if any)
West Bank and Gaza	P180263	Health System Efficiency and Resilience Project	
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
MIDDLE EAST AND NORTH AFRICA	27-Feb-2023	06-Apr-2023	Health, Nutrition & Population
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	Ministry of Finance	Ministry of Health	

Proposed Development Objective(s)

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

Components

Component 1: Scaling Up Cost-effective Public Primary Health Care Services
Component 2: Improving Public Hospitals Service Delivery
Component 3: Project Implementation and Monitoring
Component 4: Contingent Emergency Response Component

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	10.00
Total Financing	10.00
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	10.00
Special Financing	10.00

Environmental and Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Established after the Oslo Accords of 1993, the Palestinian Authority (PA) assumes civilian responsibility for most of the Palestinian residents in the West Bank & Gaza (WB&G).** Its security powers, however, are limited to the major urban centers. In the absence of a peace agreement, challenging socio-economic conditions prevail. Since 2000, substantial restrictions on movement and access have been imposed, further fragmenting WB&G into small enclaves. Furthermore, the political divide in WB&G from 2007 and the recurrent conflicts in Gaza have had a devastating impact on the economy.

2. **Over the past decade, the Palestinian economy has experienced modest growth but progress in other socio-economic indicators has been slow.** From 2010-2018, the economy grew at an average rate of 4.7 percent per year. However, growth has been highly volatile, affected by various factors which include the 2014 conflict, the restrictions on the movement of people and goods between the Gaza Strip and the West Bank, and a significant decline (about 80 percent in a decade) in foreign aid from the donor community.[1] As for poverty levels, estimates suggest that in 2021 the poverty rate reached 27.3 percent. This represents a poor population of about 1.5 million people.[2] The movement and trade restrictions have created significant socioeconomic disparities between the West Bank and the Gaza Strip. Per capita Gross Domestic Product (GDP) in the West Bank (US$1,924) is now more than two-times higher than in Gaza, where GDP per capita is US$ 876. Poverty is significantly higher in Gaza; 80 percent of the residents are dependent on international aid.

3. **The COVID-19 pandemic has compounded an already challenging socio-economic situation in the WB&G.** In 2020, the economy witnessed a sharp decline, with real GDP contracting by 11.3 percent, pushing more than 110,000 Palestinians into poverty. The six waves of the pandemic infected a total of 703,000 people and caused the death of 5,708. However, official numbers are expected to be under-reporting deaths and infection cases.[3] The economy started its rebound from the COVID-19 shock in 2021 and has continued to recover in the first three quarters of 2022, albeit at a slower rate. But the economy has yet to rebound to its pre-pandemic level. Downside risks persist, related to the further potential negative impact from the war in Ukraine and an escalation of clashes in the Palestinian territories.

4. **The unemployment rate remained high in the first three quarters of 2022, especially in Gaza.** Unemployment in the West Bank reached 12.6 percent in Q3 2022, compared to 46.6 percent in Gaza, reflecting the difficult social and economic conditions in Gaza. While seven of ten men participated in the labor force in 2021, only two of ten women participated. Unemployment was highest among young (aged 15-29) graduates at 82.2 percent for females and 52.1 percent for males.

Sectoral and Institutional Context

5. **The Palestinian health system faces unique constraints due to the protracted conflict and limited health system inputs.** The contextual challenges provide substantial impediments to the ability of the Palestinian

[1] According to the Palestinian Authority, donor support fell by almost 80 percent in a decade as reported in the Government of Palestine: Reform Agenda presented to the AHLC meeting in May 2022.
[2] Economic Monitoring Report to the Ad Hoc Liaison Committee (AHLC), September 2022.
[3] According to official statistics from the Palestinian Ministry of Health as of Nov 12, 2022.

Authority to deliver high quality health services to its population.[4] Since the beginning of 2022, there have been 187 attacks on health care in WB&G, resulting in 5 deaths and 123 injuries, as well as substantial interruptions to the delivery of essential services.[5] The continuing restrictions on movement and access, ongoing fiscal pressures, and ongoing escalations in conflict have weakened the health system and its ability to deliver quality health care services.

6. **Despite these constraints, the Palestinian health system has succeeded in improving key health indicators; however, the burden of maternal health and NCDs presents a substantial health and economic burden.** With a life expectancy of 74 and infant mortality rate of 10/1,000 live births, WB&G has made significant progress over the years, with maternal, newborn, and child health coverage and outcome at comparable levels with other lower-middle income countries. The maternal mortality ratio of 48 per 100,000 live births is below most comparator countries; however, it has increased substantially since 2017, when it was at 6/100,000 live births. Seventy-five percent of the disease burden is attributable to NCDs, mainly cancer and cardiovascular conditions. Cancer incidence is high, at 108 per 100,000 population in 2021, with 52.6% of cases registered among women and 47.4% among men. The most common cancers in 2021 were breast cancer, colorectal cancer, and lung cancer. In 2021, 32 percent of all deaths excluding COVID-19 were due to cardiovascular diseases, 16 percent were due to cancers, and 15 percent were due to diabetes[6].

7. **Access to reliable chronic disease care, particularly for cancers, is one of the most substantial drivers of the disease burden in Gaza**. Given the movement and access restrictions on Gaza and the limited health system capacity, particularly for cancers, Gaza residents need to seek treatment outside the territory, and face substantial delays and deferrals in terms of access to hospitals in West Bank, East Jerusalem, Israel, Egypt, or other countries in the region. A study assessing referral permit applications for radiotherapy and chemotherapy in Gaza from 2015-2017 found that even after adjusting for age, sex, type of procedure and type of cancer, mortality for patients unsuccessful in permit applications was 1.45 times higher than those who had successful permit applications, demonstrating the impact of delays and denials of application in ensuring successful treatment of cancers.[7] According to the World Health Organization (WHO), in 2022, 33 percent of the 20,295 exit permit applications for patients requiring outside medical referrals (OMR) from Gaza were delayed or denied (35 percent for cancer patients, 47 percent for female patients). In addition, 62 percent of the 26,461 companion permit applications were delayed or denied. Over half of these referrals were for cancer, and 50 percent of Gaza referrals were to East Jerusalem, 18 percent to Israel, and 31 percent to West Bank hospitals.

[4] Bouquet B, Muhareb R, Smith R. "It's Not Whatever, Because This Is Where the Problem Starts': Racialized Strategies of Elimination as Determinants of Health in Palestine." Health and Human Rights Journal, Volume 24/2. https://www.hhrjournal.org/2022/12/its-not-whatever-because-this-is-where-the-problem-starts-racialized-strategies-of-elimination-as-determinants-of-health-in-palestine/

[5] World Health Organization, Surveillance System for Attacks on Health Care (SSA). https://extranet.who.int/ssa/Index.aspx. Retrieved on January 30, 2023.

[6] All West Bank and Gaza-specific health data is from Ministry of Health (2022) Health Annual Report Palestine 2021, available on www.moh.gov.ps

[7] Bouquet, B., Barone-Adesi, F., Lafi, M., Quanstrom, K., Riccardi, F., Doctor, H., Shehada, W., Nassar, J., Issawi, S., Daher, M., Rockenschaub, G., Rashidian, A., 2021. Comparative survival of cancer patients requiring Israeli permits to exit the Gaza Strip for health care: A retrospective cohort study from 2008 to 2017. PLoS ONE 16, e0251058. https://doi.org/10.1371/journal.pone.0251058

8. **Significant financing gaps constrain the delivery of essential health services.** General government spending on health constitutes 4 percent of GDP, which is higher than many regional peers. However, 80 percent of this spending is allocated to salaries as well as to OMR, leaving limited space for investments to strengthen essential public service delivery at primary and tertiary levels. 90 percent of the population in Gaza and 84 percent of the population in West Bank was covered under a health insurance scheme in July 2022; however, due to fragmented schemes and low levels of effective financial risk protection, 41 percent of current health expenditures are financed by households[8].

9. **A substantial contributor to the insolvency of the Palestinian Authority (PA) is the health sector, driven mainly by the unsustainable burden of OMR.** While substantial improvements have been made with the governance of OMR, resulting in a reduced rate of expenditure growth over the past decade, OMR continue to constitute about a third of government health spending (US$277 million of US$815 million in 2022), constraining fiscal space to deliver services effectively in public hospitals. Despite this high level of expenditures, the PMOH is not able to pay these private hospitals on time: PMOH debts total $580 million, 60 percent to hospitals (unpaid bills from OMR) and 40 percent on drugs, indicating substantial sustainability constraints. These debts constitute a substantial share of the PA's public debt. The 2021 World Bank report on OMR includes detailed quantitative information on the levels and distribution of OMR, as well as an analysis of the governance-related challenges which constrain the efficiency and equity of non-communicable disease case management [9].

10. **Cancers are the most substantial driver of OMR in WB&G.** Constituting the second cause of mortality after cardiovascular conditions, cancers constituted 40 percent of total referral expenditures between 2020-2022, followed by cardiovascular (18 percent), and maternal, neonatal, and child health conditions (6 percent). Despite the impact of COVID-19, referrals for cancers continued to increase even during the pandemic, with breast cancers constituting the highest OMR expenditures and overall cancer burden, followed by lung and colorectal cancers. Cancer referrals are driven by the unavailability of diagnosis and treatment equipment, such as immunostain devices; high rates of chemotherapy stockouts; unavailability of radiotherapy in Gaza; and the lack of specialists at public hospitals in WB&G. Cancer referrals also have the highest unit cost, and 50 percent of all OMR to Israel were for cancers even as most cancer OMR are managed in hospitals in East Jerusalem, West Bank, and Gaza. Cancers constitute 54 percent of OMR expenditures from Gaza, which is likely an underestimate of the total need given the substantial expenditures faced by the population. Almost 50 percent of these referrals are due to lack of radiotherapy, which is currently only available in Augusta Victoria Hospital in East Jerusalem. Recently the WHO completed a proposal to establish radiotherapy services in Gaza to reduce referrals related to radiotherapy[10]**.** This five-year proposal is aligned with PMOH priorities and provides a framework for the interventions proposed by this project in Gaza.

11. **Cardiovascular diseases (18 percent of OMR expenditures) and maternal, neonatal and child health conditions (6 percent) were the second and third highest drivers of OMR between 2020-2022, due to both**

[8] Palestinian Central Bureau of Statistics (PCBS). Population, Housing, and Establishments Census, 2017. 32 percent had government insurance, 29 percent had government and UNRWA insurance, about 3 percent had private insurance and the rest had other types of insurance. MSNA 2022 data mirrors these figures.
[9] Duran et al, 2021. Towards Effective Chronic Case Management: Improving the Efficiency of Outside Medical Referrals in West Bank and Gaza. https://openknowledge.worldbank.org/handle/10986/37264
[10] WHO. Establishment of Radiotherapy services in Gaza

primary care and hospital capacity constraints. Most cardiovascular OMR are due to inadequate capacity for specialized cardiac care, especially trained staff for performing cardiac catheterization and stenting. The majority of maternal, neonatal, and child health referrals are due to the lack of incubators or delivery beds in PMOH hospitals: according to the latest hospital master plan, over 500 incubators and 70 delivery beds are needed in West Bank to reduce the number of OMR.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

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

Key Results

Expected outcome	Proposed results indicator
PDO : Improving the quality, efficiency, and resiliency of public health service delivery	**PDO indicators** • Percentage of diabetes patients with good glycemic control (quality), *from baseline of 16 percent to 50 percent* • Annual growth rate of total OMR expenditures for conditions targeted by the project (efficiency), *from a baseline of 16 percent to a reduction of 8 percent* • System for monitoring stock outs of essential NCD medicines in place in public PHC centers (resiliency), *from a baseline of no system to an end target of the implementation of a system*

D. Project Description

12. **Building on the success and lessons learned of the HSRSP as well as the COVID-19 Response Project, the proposed operation will strengthen the quality, efficiency, and resiliency of health service delivery.** The Health System Efficiency and Resiliency Project (HSERP) builds on the successes and lessons of the HSRSP. The Project total financing of US$ 10 million, funded from the Trust Fund for Gaza and the West Bank (TFGWB), using Investment Project Financing (IPF) modality, will be implemented over five years. Investments will reach the intended objectives through strengthening the three following outcomes of the health system:

i. **Access to high quality care** through targeted investments to scale up PMOH reform priorities at PHC and hospital levels, especially with a focus on fostering integration of services for NCD, a patient-centered approach, improved health information systems and decision-making.
ii. **Improved efficiency of health services** through a focus on the delivery of cost-effective PHC services, and improved technical efficiency of hospital services through reducing the reliance away from costly OMR towards the provision of lower-cost services at public hospitals; and
iii. **Strengthened resilience of health service delivery** through improving the capacity of service delivery at all levels, improving access to scaled up services across WB&G, which would enable the health system to ensure continued access to quality services despite the system's vulnerability to shocks.

13. It would do so through the following two components, which are also cornerstones of the PMOH National Health Strategy: a) Scaling up cost-effective public primary health care services; and b) Improving public hospital

service delivery. Interventions within each of the components will close existing gaps to reach the aforementioned three objectives.

14. **Component 1: Scaling up cost-effective public primary health care services.** This component will increase the availability and quality of public PHC services. It will contribute towards building resiliency by ensuring availability of quality PHC services across West Bank, where movement restrictions, the political and the fiscal context often threaten reliable access to health services. Since PHC has been established to be the most inclusive, equitable, cost-effective, and efficient approach to enhance population health, this component will also improve efficiency given the scale-up of preventive care for NCDs, enabling the reduction of expenditures for costlier treatment interventions. This component support NCD prevention and control services through public primary health care centers. and strengthen information systems and quality of primary health care.

15. **Component 2: Improving public hospital service delivery.** Due to the substantial needs and limited resources, planned investments under the component are prioritized on the basis of the following three criteria to result in increased resiliency and efficiency: (i) geographic access**:** Given the movement restrictions and the political context, substantial infrastructure investments are needed to improve the resiliency of the tertiary care system in WB&G; (ii) potential to reduce OMR costs**:** Conditions which constitute the largest total and unit costs of OMR will be targeted for medical equipment and capacity strengthening investments; and (iii) availability of operating capacity. Component 2 will support the purchase of medical equipment to expand hospital capacity in high-need areas and strengthen management and quality of care in hospitals.

16. **Component 3: Project Implementation and Monitoring.** This component will finance necessary human resources and running costs for the Project Management Unit (PMU) at the PMOH, including: (i) staffing, (ii) data collection, aggregation and periodic reporting on the project's implementation progress; (iii) monitoring of the project's key performance indicators; and (iv) overall project operating costs, audit costs and monitoring and compliance with the Environmental and Social Commitment Plan (ESCP).

17. **Component 4: Contingent Emergency Response Component (CERC) (US$0.0 million).** This component will improve the PA's ability to respond effectively in the event of an emergency in line with World Bank procedures on disaster prevention and preparedness. Following an eligible crisis or emergency, the Recipient may request the Bank to re-allocate project funds to support emergency response and reconstruction. This component would draw from other project components to cover the emergency response. To facilitate a rapid response, in case the CERC is activated, the restructuring of the project is deferred to within three months after the CERC is activated.

Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

18. The overall environmental and social (E&S) risk is rated Substantial. The environmental risk is assessed as Substantial and includes issues related to: (i) Occupational Health and Safety (OHS) due to testing and handling of supplies and equipment during treatment, as well as due to the minor works for installation of equipment in the existing hospitals and health care facilities, (ii) hazardous materials that must be managed in terms of their use, storage, and handling, (iii) production and management of medical healthcare waste, and (iv) managing and handling of waste and end-of-life waste of equipment related to component 2.1, i.e, linear accelerators and associated facilities.

19. The social risk is assessed as Moderate. Risks pertain to i. social exclusion or inequitable access of marginalized groups (e.g. persons with disabilities, the elderly, women headed households, the poor, people in Area C, Bedouin communities, communities in relatively rural/remote locations etc.) to project benefits; ii. labor and working conditions; iii. community health and safety issues; and iv. social tension and increase in stigma and isolation of people seeking sensitive services such as for incidents of gender-based violence (GBV) if there is resistance to provision of specialized support or referrals among affected families or communities. Based on the above, the social risk is rated as moderate.

20. The Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) risk rating has been determined as Substantial. The Risk rating is determined based on the World Bank's SEA/SH risk screening tool for the health sector, review of secondary data and information received during meetings and consultations with stakeholders (including women's groups). The rating is Substantial given (but not limited to) the limited capacity among health service providers in addressing or managing GBV prevention and response, scare resources and facilities particularly in Gaza, lack of enforcement when it comes to protocols on how to respond to survivors of GBV seeking care and weak and fragmented GBV referral systems. Furthermore, some interventions will be in rural/remote areas that may be difficult to monitor and/or may have reduced access to support services for survivors. This is in a context where intimate partner violence (IPV) remains high among Palestinians, with Gazan women most impacted. In 2019, 22 percent of married or ever married women in the West Bank reported to have experienced IPV and in Gaza, the figure is as high as 35 percent among married or ever married women. The pandemic and Gaza conflict in 2021 have only exacerbated the situation.

21. The E&S risks and impacts have been assessed and requisite mitigation measures have been included in the project's E&S instruments including an Environmental and Social Management Framework (ESMF), Labor Management Procedures (LMP), and Stakeholder Engagement Plan (SEP). The ESMF, LMP, SEP have been prepared by MoH and consulted on (04 January 2023), reviewed and cleared by the Bank and will be publicly disclosed by project appraisal. A stand-alone SEA/SH Action Plan will also be prepared and publicly disclosed two months after project effectiveness to address GBV/SEA/SH related risks. Commitments to implement the project in accordance with the requirements of the Bank's ESF have been included in the project's Environmental and Social Commitment Plan (ESCP) which has been prepared by MoH, reviewed and cleared by the Bank, and will be publicly disclosed by project appraisal. Finally, additional measures to enhance inclusion of vulnerable groups and address GBV/SEA/SH risks will also be addressed through the design of project interventions/activities.

22. The PMU has engaged an Environmental and Health and Safety Officer (EHSO) and will appoint an Environmental and Social Focal Point in Gaza to ensure implementation of E&S requirements. The Bank's in-country and MENA regional teams have also provided capacity building sessions for the EHSO to further strengthen compliance with the ESF. The EHSO will also support the implementation of the SEA/SH Action Plan and will receive requisite training during the project to ensure proper implementation of this Plan. Further training to strengthen ESF implementation will be provided to the EHSO, the Focal Point in Gaza and other staff and commitments in this regard are included in the ESCP.

23. Functioning grievance mechanisms (GMs), with special features to address SEA/SH related complaints, are in place for both project beneficiaries and workers. These GMs were developed under the COVID-19 Emergency Response health project and will also be used for the new project. Details of the beneficiary and workers? GMs are included in the project SEP and LMP respectively, and commitments to ensure that GMs remain operational throughout the project are included in the ESCP.

E. Implementation

Institutional and Implementation Arrangements

24. **The Palestinian Ministry of Health will be the implementing agency for the project.** The PMU which has been established previously for other projects will have the primary responsibility for all technical, operational and fiduciary aspects related to the proposed project. Based on the Bank's engagement with the PMOH under the ongoing COVID-19 Emergency Project (P173800), the Improving Early Childhood Development Project (P168295), and the recently closed Health System Resilience and Strengthening Project (P150481), the PMOH's technical and implementation capacity were assessed and deemed satisfactory. The PMU will be further capacitated with the recruitment of a designated project coordinator, who will ensure the implementation of activities in both WB&G, as well as ensure effective monitoring and evaluation.

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