



Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 16-Feb-2017 | Report No: PIDISDSC19913



BASIC INFORMATION

A. Basic Project Data

Country West Bank and Gaza	Project ID P160674	Parent Project ID (if any)	Project Name Social Protection Enhancement Project (P160674)
Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date Mar 16, 2017	Estimated Board Date Jul 05, 2017	Practice Area (Lead) Social Protection & Labor
Lending Instrument Investment Project Financing	Borrower(s) Ministry of Finance and Planning	Implementing Agency Ministry of Social Development	

Proposed Development Objective(s)

To support the implementation of the new Social Development Strategy to mitigate poverty and vulnerability by providing cash assistance to a subset of extremely poor households covered by the Cash Transfer Program, developing a Social Registry for improved coverage and targeting and piloting a Case Management System to provide complementary services to address social vulnerabilities and promote productive inclusion.

Financing (in USD Million)

Financing Source	Amount
Special Financing	15.00
Total Project Cost	15.00

Environmental Assessment Category C-Not Required	Concept Review Decision Track I-The review did authorize the preparation to continue
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Other Decision (as needed)



B. Introduction and Context

Country Context

1. **The Palestinian territories are marked by high vulnerability.** Plagued by conflict and fragility, the population has also seen poverty rates that have fluctuated between a quarter and a third of households living below the national poverty line over the past decade. In Gaza, the poverty rate has reached almost 40% as thousands of households struggle to recover after the most recent outbreak of violence.
2. **The productive capacity of the Palestinian economy has been eroded over the years with a significant decline in the size of manufacturing and agriculture in the economy.** This is a result of a poor business climate mainly driven by restrictions on trade and access to resources. Assuming that the current restrictions remain in place and that the security situation stays relatively calm, in the medium term, real Gross Domestic Product (GDP) growth is projected to hover around 3.5 percent.¹ This sluggish growth implies a stagnation in real per capita income and an increase in unemployment. Until there is a permanent peace agreement, the Palestinian economy will continue to perform below its potential and this will impact the economic and fiscal performance.
3. **Politics are fraught with uncertainty, and the economic situation remains worrying with recent growth being mainly driven by Gaza reconstruction.** After a period of sustained economic recovery between 2007 and 2011 when annual growth averaged 8 percent, growth decelerated to 6 percent in 2012 due a large drop in foreign aid, eventually reaching 2 percent in 2013. Following the Gaza conflict in 2014, the Palestinian economy entered into a recession, with average growth declining to -0.4 percent as the Gaza economy contracted by 15 percent. After the war, reconstruction efforts started to progress and this provided the economy with a boost leading to an increase in real GDP by 3.5 percent in 2015, followed by 5.1 percent in the first three quarters of 2016. Given the high population growth in Palestine, yearly GDP growth levels have not been able to improve living standards as income levels have been almost stagnant.
4. **The unemployment rate continues to be stubbornly high and has further increased to 27 percent in 2016—with wide regional differences.** In Gaza, the unemployment rate reached 42 percent in the first half of 2016 which is more than twice as high as that in the West Bank at 18 percent. Unemployment amongst the youth (ages 15-29) is a particular concern, especially in Gaza where it is 58 percent. At 20 percent, the female labor force participation rate is low compared to the (already low) Middle East and North Africa (MENA) average of 26 percent. Boosting shared prosperity has also proven to be a challenge in Palestine with the consumption per capita of the bottom forty percent growing at the same rate as that of the rest of the population.
5. **Despite strong revenues, the Palestinian Authority's (PA) fiscal situation has remained difficult in 2016 due to a significant drop in donor support.** Public revenues grew by 22 percent in the first three quarters of 2016 mainly due to one-off revenue transfer by the Government of Israel (GoI). This offset the higher than budgeted growth in expenditures driven by unexpected wage increases for teachers and engineers, and led to a 27 percent drop in the deficit in the first three quarters of 2016 (year-on-year). However, in parallel with this strong operating performance, aid to the PA treasury declined by 14 percent, resulting in about a US\$200 million financing gap and further arrears accumulation.

¹ GDP projections were produced by the International Monetary Fund (IMF).



6. **The external current account deficit (excluding official transfers) widened by 4 percentage points in 2015 to reach 22 percent of GDP.** This was due to an increase in the trade deficit to 41 percent of GDP as a result of a rise in non-Israeli imports. On the other hand, imports from Israel, the Palestinian territories' main trading partner, witnessed a decline in 2015 due to lower fuel prices and a growing trend among Palestinian consumers to substitute products imported from Israel by those from other countries. Exports remained low and stagnant at around 18 percent of GDP in 2015.
7. **The economic outlook remains worrying.** The recent pickup in growth was driven by Gaza reconstruction and is not sustainable given the ongoing constraints to competitiveness. Assuming that the current restrictions remain in place and that the security situation stays relatively calm, the real GDP growth rate of the Palestinian economy in 2016 is projected at 3.3 percent: 2.7 percent in the West Bank and 5.5 percent in Gaza. Significant downside risks remain that could significantly worsen the economic outlook: setbacks to the reconstruction process in Gaza are possible and a resumption of armed conflict cannot be ruled out; tensions could erupt again throughout the West Bank; and donor support could further decline.

Sectoral and Institutional Context

8. Since 2010, the World Bank has been supporting the Government of the PA to fight poverty and improve its Social Safety Nets (SSN) programs. As a result of the World Bank engagement at the time, the Palestinian National Cash Transfer Program (PNCTP) was created by the merger of the European Union (EU) and World Bank cash transfer programs. The creation of the PNCTP at the Ministry of Social Affairs (MoSA) gave 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 which led to an implementation of a series of uncoordinated initiatives. In May 2010, the National Cash Transfer Strategy was approved where cash transfers were the main social assistance program to be implemented due to their proven track record and their ability to be scaled up quickly and effectively to provide assistance to distraught households during crisis situations. As a result, the PNCTP consolidated the two main on-going cash assistance programs in place, the EU-funded Special Hardship Case (SHC) and the World Bank-funded Social Safety Net Reform Project (SSNRP), which provided cash assistance to about 55,000 poor households.²
9. The PNCTP enabled MoSA to demonstrate that it is in the forefront of poverty alleviation efforts by managing a significant, well-targeted cash assistance program. Since then, program expansion was possible with additional government funds, while both EU and World Bank have maintained their support to the originally agreed 55,000 households. In addition, MoSA sought to further engage with other donors such as World Food Program (WFP) and United Nations Relief and Works Agency (UNRWA) into the PNCTP by harmonizing their targeting tools to the one implemented by PNCTP so that better support would be given to the poor households of the Palestinian territories. As a result, PNCTP became a full-fledged social safety net program that provides quarterly payments to about 115,000 beneficiary households through the banking system and the total cost of the Program is about US\$110 million a year. Although the Bank contributes only about four percent (i.e., about \$4.5 million a year) to the overall Program, the World Bank has leveraged its position and effectively used its technical expertise to guide the work of other donors.
10. Over time, MoSA has developed a fully operational Management Information System (MIS) with various

² At the time, UNRWA was also providing cash assistance to roughly 30,000 poor refugee households.



capacities. The MIS network links the 17 district (Muderas) offices in West Bank and Gaza (WBG) to the central level. This system is currently used in various aspects of managing and administering the unified PNCTP. For the Cash Transfer Project (CTP), information on beneficiary households (e.g., household size, age, assets, health status, and education level), collected by trained MoSA social workers using a standardized application form, is entered into the MIS at the district level. The MIS (which is web-based) is updated regularly based on information provided by the Palestinian Central Bureau of Statistics (PCBS) and MoSA social workers. MoSA then uses its poverty-targeting database (one component of the MIS) to identify CTP beneficiaries and to rank households according to their poverty level. This system allows MoSA to obtain real-time information on the number and location of beneficiary households and also to track households' application and enrollment status, and the information system is used to inform decision-making related to planning and resource allocation for the sector.

11. In March 2016, MoSA became the Ministry of Social Development (MoSD), a decision that was approved with a decree by the Palestinian President. The Ministry's vision for social development is basically a policy and conceptual framework that achieves complementarity between the environmental, cultural, social and economic dimensions, thus includes basic paradigms; such as education, health, labor, agriculture, alleviating poverty and care of marginalized groups and others, which require supportive social and economic policies, thus ensures complementarity among the different active actors in this area; including the government, civil, international and private sector organizations.
12. MoSD has recently finalized its new Social Development Sector Strategy (2017-2022) which emphasizes the importance of social capital as the basic source and decisive factor for social development. The new strategy supports the vision of building a resilient, productive and creative Palestinian society that guarantees a dignified life for all its members, unleashes their potentials and believes in rights, equality, justice, partnership and inclusion. 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. The Strategy is aligned with the National Policy Agenda (NPA) (2017-2022) which was endorsed by the Palestinian Cabinet on December 27th, 2016. The NPA outlines the national priorities, policies and interventions towards independence, government reform and sustainable development.
13. Under this new strategy, the government aims to mitigate monetary poverty, food insecurity and non-monetary dimensions of poverty (social vulnerabilities).
 - Poverty in the Palestinian territories is likely to have increased since 2011. According to the latest estimates of the PCBS dated 2011, 25.8% of individuals in the Palestinian society are poor according to their monthly consumption levels. Poverty prevalence is lower in West Bank as expected due to the barriers/ constraints imposed by the GoI in the Gaza strip (17.8% in the West Bank and 38.8% in the Gaza Strip). Researchers estimate that these poverty levels are likely to be higher now due to higher unemployment and reduced incomes.
 - Food insecurity remains prevalent, mainly in the Gaza Strip. The results of the socio-economic conditions survey of food security in the Palestinian territories, carried out by PCBS in 2014, indicated that more than a quarter of the Palestinian population (27%, or approximately 1.55 million people) are food insecure, nearly half (13% or 875 thousand people) are classified as "severely food insecure," meaning that they do not have the ability to have access to a minimum of acceptable food consumption, which can lead to other health issues as malnutrition and anemia. Moreover, the study indicates that food insecurity is more prevalent in the Gaza Strip, and also among the refugee households and households headed by women in the West Bank.
 - Non-monetary dimensions of poverty can be even higher than monetary poverty. Poverty in the Palestinian territories is a multidimensional phenomenon often associated to the place of residence, refugee status, family



size, the number of children, and the nature of the work of the head of household.³ Recognizing that poverty is a multidimensional phenomenon that comprises both monetary and non-monetary aspects (social vulnerabilities related to health, education, housing etc.), the National Poverty Commission was created in 2014/15 to study the adoption of multidimensional poverty measures for Palestine in the upcoming years.⁴ As of today, PCBS jointly with Economic and Social Commission for Western Asia (ESCWA) and the National Poverty Commission, have defined a multidimensional methodological framework and they are currently collecting the Palestine Expenditure and Consumption Survey (PECS) 2016-17 that will be used for analyzing multidimensional poverty using the aforementioned framework.

Relationship to CPF

Link with the Bank's Assistance Strategy for the WBG (FY15-16)

14. The proposed project is fully aligned with the strategic pillars defined in the Assistance Strategy for the WBG 2015-2016 (Report No. 89503 GZ), which was discussed at the Board on October 30, 2014. The proposed project directly addresses Pillar No. 1: "Strengthen the institutions of a future state to ensure service delivery to citizens", and contributes to Pillar No.2: "Support private sector led growth that increases employment opportunities." Moreover, the project aims to address the proposed pillars of the new Bank's Assistance Strategy (FY17-18) by contributing to "Pillar 1: Strengthening peace and stability through inclusive institutions".

Link with the current government priorities

15. Built on the premise that the two-state solution and foreign aid are at a crossroads, the Palestinian NPA (2017-2022) comprises 10 national priorities under three pillars: path to independence, government reform, and sustainable development. The NPA builds on initiatives under previous National Plans to strengthen institutions and deliver services to citizens. Recognizing the fiscal reality confronting the PA, sector strategies are being developed within a realistic fiscal framework that builds on the existing fiscal framework and commitments of the three-year medium term budget. Equally significantly, the agenda puts citizens at its center. The plan emphasizes implementation and a performance monitoring mechanism. Results frameworks will guide the NPA and the Sector Strategies.
16. In alignment with the NPA, the Social Development Sector Strategy (2017-2022) aims to reduce poverty, eliminate of all forms of social exclusion, violence and vulnerability and maintain the social fabric. Under this new strategic vision, the MoSD aims to build a social development system that does not only protect the poor and the vulnerable but also help them grow, become independent and contribute to the economic development of Palestine. 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 support services would be provided to the poor to address their social vulnerabilities and to help build their economic empowerment. The new system is expected to improve the cost-effectiveness of Social Protection (SP) programs and services in a fiscally constrained environment.

³ World Bank. 2011. *Coping with Conflict? Poverty and Inclusion in the West Bank and Gaza*. World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/2774> License: CC BY 3.0 IGO."

⁴ A National Multidimensional Poverty Concept was defined. The framework used consists of two spaces: economic well-being and social well-being. The economic well being will be captured by one dimension and one indicator: the usual monetary poverty line. The social well-being will be captured by 10 dimensions and 42 indicators.



17. The proposed Social Protection Enhancement Project will support the delivery of cash benefits and services as well as the strengthening of the necessary supporting systems, namely MoSD’s Information System (the Social Registry (SR) in particular) and the new Case Management System (CMS). Such systems will allow the MoSD to identify the poor and vulnerable, assess their needs and conditions, as well as identify and refer them to the services that meet their needs and conditions.

Link with the Bank’s Strategy for the MENA and with the World Bank’s Strategic Goals

18. The proposed project supports Pillar No. 1 of the MENA Regional Strategy (Renewing the Social Contract), particularly the strengthening of public institutions for more efficient and effective service delivery and the modernization of SP systems, as well as the World Bank’s Strategic Goals of reducing extreme poverty and boosting shared prosperity. More specifically, the project contributes to citizen empowerment as part of the social contract agenda. This is especially obvious in the way the cash transfers are managed—with transparency and a strong Grievance Redress Mechanism (GRM)—and in the way social workers engage with a significant accountability at the community level.

Link with the Bank’s Gender Strategy

19. The World Bank Group Gender Strategy (FY16-23) argues for the need for SSN programs to go beyond the targeting of women and girls and to develop innovative features that build in positive externalities such as financial inclusion, access to identification documents, and changes in household bargaining power. Building on this need, the Social Protection Enhancement Project will be aligned with all four pillars of the Gender Strategy by delivering services that aim to (i) improve human endowments, (ii) remove constraints for more and better jobs, (iii) remove barriers to women’s ownership and control of assets, and (iv) enhance women’s voice and agency as well as engage men and boys. Specific project activities will reflect on the priority areas identified in the Regional Gender Action Plan and Country Gender Action Plan for Palestine, both currently in the process of development.

C. Proposed Development Objective(s)

20. The Project Development Objective (PDO) is to support the implementation of the new Social Development Strategy to mitigate poverty and vulnerability by providing cash assistance to a subset of extremely poor households covered by the Cash Transfer Program, developing a social registry for improved coverage and targeting and piloting a case management system to provide complementary services to address social vulnerabilities and promote productive inclusion

Key Results (From PCN)

The key performance indicators that will be used to track progress towards achieving the project development objective are:

- Share of individuals registered/migrated in the SR as a share of the total population (disaggregated by: overall, bottom 2 quintile, gender) - to measure coverage of the SR
- Number of households in project target areas covered by CTP and CMS (disaggregated by CTP and CMS; and by age & gender of household head); - to measure coverage of CTP and CMS



- Proportion of CTP and CMS beneficiaries who are poor or vulnerable to food insecurity - to measure targeting efficiency;
- Share of Muderias supported through performance grants in target areas that have implemented the grants satisfactorily – to measure performance of the Muderias grant initiative.

D. Concept Description

21. The CTP is one of the best performing cash assistance programs in the MENA region. The program is managed and administered entirely by the PA, uses a PMT to target the poor, has a unified beneficiary database, and provides a uniform benefit level and payment modality regardless of funding sources. Currently, the CTP reaches about 115,000 poor households (633,000 individuals). About one third of CTP beneficiaries reside in the West Bank and two thirds in the Gaza Strip; 48% live in cities; 19% in refugee camps and 33% in rural areas; 53% have refugee status and 40% are female headed households. The West Bank and Gaza Cash Transfer Project (WBGCTP) Targeting Assessment, which took place from January 2012 through June 2012, shows the PMT correctly identified 70% of poor households and payments are distributed on a timely basis. According to the World Bank’s MENA Development Report “Inclusion and Resilience: The Way Forward for Social Safety Nets in the Middle East and North Africa”, the Palestinian territories:
- a) are one of two places in the region that has advanced the most in terms of SSN reform;
 - b) provide an example of best practice regarding the creation and use of a unified registry of beneficiaries;
 - c) are the only area in the region with SSN coverage above the world average;
 - d) are the area where SSN transfers have the greatest impact on the welfare of the poorest quintile and have a higher impact on poverty than is observed in the best-performing regions;
 - e) are the regional leader in terms of SSN programs’ impact on inequality;
 - f) are an area where Monitoring and Evaluation (M&E) is effectively used to inform budgetary decisions and reshape programs.
22. The proposed project builds on the achievements of the CTP to (i) continue supporting cash transfer for the extreme poor; (ii) improve the identification of the poor and the vulnerable through the development of a SR; (iii) assess their needs and conditions and identify and refer them to appropriate support services through the development and implementation of a new CMS in selected areas; and (iv) support the provision of some of these services through social workers in selected areas.

SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

West Bank and Gaza

B. Borrower’s Institutional Capacity for Safeguard Policies

The proposed project will not finance investments, but rather will finance grants to poor households and capacity-building activities for MoSD and Muderias in target areas. As such, it will not have any harmful social and environmental



effects.

C. Environmental and Social Safeguards Specialists on the Team

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	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	

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Mar 10, 2017

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

N.A.

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APPROVAL

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