



PALESTINIAN UMBRELLA FOR RESILIENCE SUPPORT TO THE ECONOMY



WORLD BANK GROUP

Multi-Donor Trust Fund
TF073643

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The Palestinian Umbrella for Resilience Support to the Economy (PURSE) Annual Report is prepared by the World Bank as the administrator of the trust fund. The team wishes to recognize the contributions of the task teams from all the sectors working on projects and pipelines co-financed by the PURSE MDTF. A special note of recognition and acknowledgment goes to the Palestinian Authority (PA) counterparts and development partners for their cooperation and contributions since the fund's inception in June 2021.

PURSE Donors

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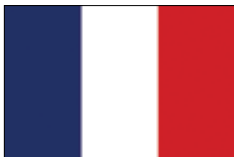


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ABBREVIATIONS AND ACRONYMS

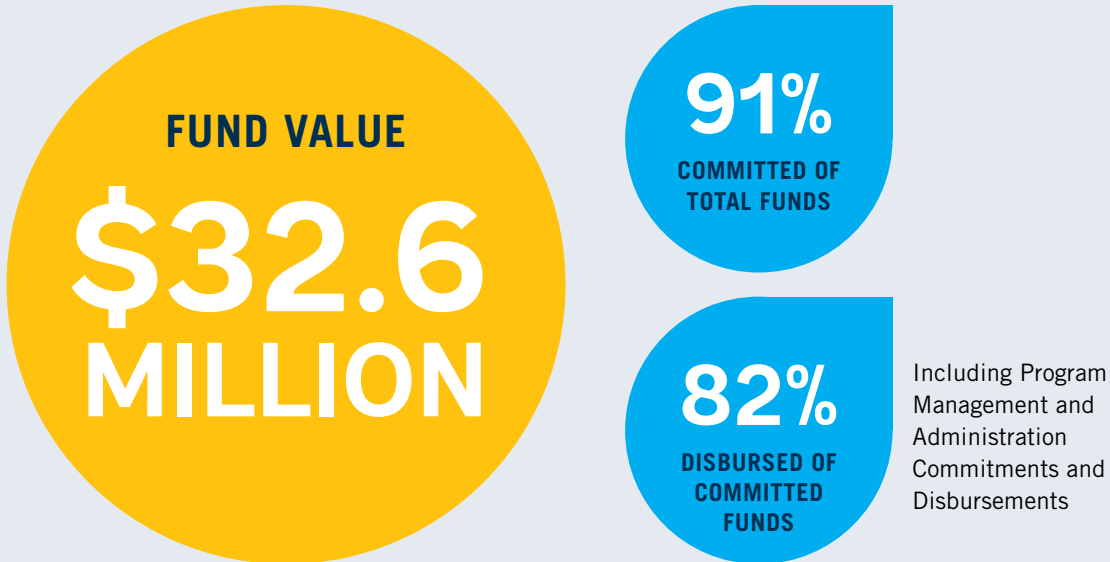
AA	Administration Agreement
ABRS	Automated Business Registry System
AF	Additional Financing
AHLC	Ad Hoc Liaison Committee
ASA	Advisory Services and Analytics
BRIDGE	Business Regulation for Investment, Digitalization, Governance and Entrepreneurship
CAPI	Computer Assisted Personal Interviews
CEQ	Commitment to Equity
CERC	Contingent Emergency Response Component
COGAT	Coordinator of Government Activities in the Territories
CPI	Consumer Price Index
CTP	Cash Transfer Program
DIB	Development Impact Bond
DRU	Dispute Review Unit
DP	Development Partner
DPG	Development Policy Grant
e-GP	Electronic Government Procurement
EE-MG	Eco-system Matching Grants
EU	European Union
F4J	Finance for Jobs
FCV	Fragility, Conflict, and Violence
FDI	Foreign Direct Investment
FM	Financial Management
FMIS	Financial Management Information System
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GFS	Government Finance Statistics
GHG	Greenhouse Gas
GoI	Government of Israel
GPA	Grade Point Average
GRM	Grievance Redress Mechanism
GSD	General Services Department
HCPPP	Higher Council for Public Procurement Policies
HNP	Health, Nutrition and Population
HSRSP	Health System Resiliency Strengthening Project
IBRD	International Bank for Reconstruction and Development
ICF	Investment Co-financing Facility
ICR	Implementation Completion and Results Report
ICT	Information and Communication Technology
IFC	International Finance Corporation
IFMIS	Integrated Financial Management Information System
IP	Implementation Progress
IPSAS	International Public Sector Accounting Standards
ISR	Implementation Status and Results Report

IT	Information Technology
LG	Local Government
LGU	Local Government Unit
MDTF	Multi-Donor Trust Fund
MFD	Maximizing Finance for Development
MIGA	Multilateral Investment Guarantee Agency
MoE	Ministry of Education
MoF	Ministry of Finance
MoH	Ministry of Health
MoL	Ministry of Labor
MoNE	Ministry of National Economy
MoSD	Ministry of Social Development
MPA	Multiphase Programmatic Approach
MPI	Multidimensional Poverty Indicator
MRV	Measurement, Reporting, and Verification
MSMEs	Micro, Small, and Medium Enterprises
MTFF	Medium-Term Fiscal Framework
NCD	Noncommunicable Disease
NDP	National Development Plan
NGO	Nongovernmental Organization
NPA	National Policy Agenda
OECD	Organisation for Economic Co-operation and Development
OMR	Outside Medical Referral
PA	Palestinian Authority
PACC	Palestinian Anti-Corruption Commission
PAD	Project Appraisal Document
PCBS	Palestinian Central Bureau of Statistics
PDO	Project Development Objective
PECS	Palestinian Expenditure and Consumption Survey
PFM	Public Financial Management
PFMI	Public Financial Management Improvement
PIA	Project Implementation Agency
PISA	Programme for International Student Assessment
PM&A	Program Management and Administration
PMA	Palestine Monetary Authority
PMT	Proxy Means Test
PMU	Project Management Unit
PPP	Purchasing Power Parity
PURSE	Palestinian Umbrella for Resilience Support to the Economy MDTF
R&D	Research and Development
RWU	Regional Water Utility
SAACB	State Audit Administrative Control Bureau
SBD	Standard Bidding Document
SDGs	Sustainable Development Goals
SEA/SH	Sexual Exploitation and Abuse/Sexual Harassment

SERATAC	Supporting an Education Reform Agenda for Improving Teaching, Assessment and Career Pathway
SIA	Social Impact Assessment
SMEs	Small and Medium Enterprises
SoP	Series of Projects
SPJ	Social Protection and Jobs
SSI	Social Sustainability and Inclusion
SWM	Solid Waste Management
TA	Technical Assistance
TF	Trust Fund
TFGWB	Trust Fund for Gaza and West Bank
TIMSS	Trends in International Mathematics and Science Study
UHC	Universal Health Coverage
UN	United Nations
UNICEF	United Nations Children's Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
VAT	Value Added Tax
WB&G	West Bank and Gaza
WBG	World Bank Group
WHO	World Health Organization

PURSE MDTF NUMBERS

Data as of June 30, 2022



1 DEVELOPMENT POLICY GRANT
1 INVESTMENT OPERATION



PILLAR 1
(DPG 11)



PILLAR 4
(Social Protection and Jobs)

3 BANK-EXECUTED ADVISORY SERVICES AND ANALYTICS

- 2 ASAs in Pillar 1
- 1 ASA on Cross-cutting Themes



COUNTRY CONTEXT

1

1.1. COVID-19 AND ECONOMIC CONTEXT¹

The Palestinian economy is recovering from the economic shock of the COVID-19 pandemic. In 2021, growth reached 7.1 percent, driven by 7.8 percent growth in the West Bank. In Gaza, recovery was slowed due to the May 2021 conflict, resulting in a growth rate of 3.4 percent. Table 1 shows the basic macroeconomic indicators for the Palestinian economy. Despite strong growth in 2021, the unemployment rate remained high. Even though the lockdowns were eased in 2021, the unemployment rate increased: it reached 24.2 percent in Q4 2021 in the Palestinian territories—up from 23.4 percent in Q4 2020. The increase could be partially explained by a 3.2 percentage point rise in the participation rate between Q4 2020 and Q4 2021 as a higher number of men and women were encouraged to join the labor market due to the improvement in economic conditions. The overall unemployment rate masks a wide regional divergence whereby unemployment in the West Bank reached 13.2 percent in Q4 2021, while in Gaza, it was 44.7 percent, reflecting the effect of the 11-day conflict compounded with difficult COVID-19 conditions and the ongoing Israeli movement and access restrictions on Gaza (Table 2). According to the latest official data, 22 percent of the Palestinian people lived below the US\$5.5 at 2011 purchasing power parity (PPP) a day poverty line in 2016/17. After an increase in the poverty rate as a consequence of the COVID-19 pandemic, in 2021, the poverty rate is estimated to have reached 27.3 percent in 2021, representing about 1.5 million people.

¹ This analysis is based on the World Bank Economic Monitoring Report submitted to the Ad Hoc Liaison Committee (AHLC) Meeting in Brussels on May 10, 2022.

Table 1. Palestinian Territories Macroeconomic Indicators 2019–2022
(Annual percent changes unless indicated otherwise)

	2019	2020	2021	2022f
Real GDP growth, at constant market prices	1.4	-11.3	7.1	3.7
Private Consumption	4.1	-13.1	6.3	4.2
Government Consumption	-3.5	0.3	11.1	-5.5
Gross Fixed Capital Investment	-2.6	-20.9	14.7	10.0
Exports, Goods and Services	2.0	-11.2	18.8	6.0
Imports, Goods and Services	1.4	-14.2	16.6	4.0
Real GDP growth, at constant factor prices	1.3	-12.0	6.2	3.7
Agriculture	0.9	-9.1	-2.3	3.0
Industry	-0.5	-19.4	6.2	3.5
Services	2.0	-10.0	7.2	3.8
Inflation (CPI)	1.6	-0.7	1.2	2.8
Current Account Balance (% of GDP)	-10.4	-12.3	-8.2	-8.1
Net FDI (% of GDP)	1.1	0.9	0.0	0.8

Source: Palestinian Central Bureau of Statistics (PCBS) and World Bank staff calculations.

Note: CPI = Consumer Price Index; f = forecast; FDI = Foreign direct investment; GDP = Gross domestic product.

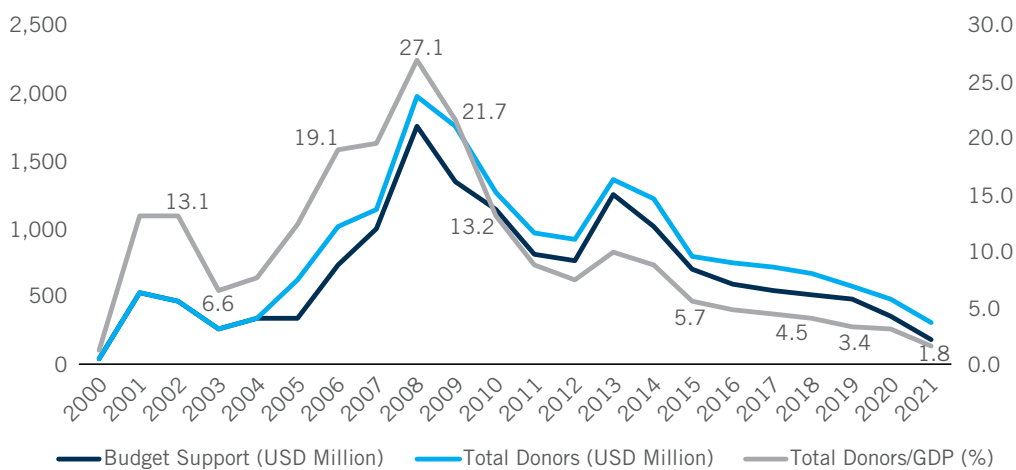
Table 2. Labor Market Statistics, Palestinian Territories, Q4 2021

Indicator (%)	West Bank	Gaza	Palestinian Territories
Unemployment rate	13.2	44.7	24.2
Labor force participation rate	46.4	40.0	44.0
Youth unemployment (15–29 years)	20.1	61.1	34.9
Male	15.6	56.1	29.8
Female	38.6	78.1	54.1

Source: PCBS.

While the growth of public expenditure was limited to 2 percent in 2021, international aid received reached US\$317 million, or only 1.8 percent of GDP, as shown in Figure 1. As a result, and despite its fiscal efforts, the Palestinian Authority (PA) faced a large financing gap of US\$940 million in 2021. An advance payment on clearance revenues in the amount of US\$153 million (NIS 500 million) provided by the Government of Israel (GoI) in September 2021 provided some relief. To close this gap, the PA relied on arrears to the private sector and the pension fund as well as domestic borrowing. The PA has also been paying partial salaries since November 2021, accumulating arrears to public employees. The stock of arrears accumulated to the private sector is around US\$975 million, according to the Ministry of Finance (MoF), while arrears to the pension fund are estimated at US\$3 billion, as of the end of 2021. The large stock of arrears poses a growing risk to the stability of the economy.

Figure 1. Donors' Contribution to the PA



Source: PCBS.

The fiscal crisis has not affected the banking system, which remains stable. The PA has significantly increased its borrowing from domestic banks, increasing the exposure of the banking system through domestic public debt, which reached US\$2.5 billion by December 2021 (23% of total direct credit) and exceeded the PMA exposure limits by 15 percent. In addition, bank loans to PA employees (backed by future salaries) represent an indirect channel of exposure to the public sector, along with the expanded usage of promissory notes. Overall, the PA and public employees account for about US\$4.3 billion, or 40 percent, of the total banking sector credits. In this regard, because of the PA's decision to pay partial salaries the quality of loan portfolios across the banking and microfinance sectors has gradually deteriorated, which has compounded the risk to bank profitability; further deterioration is likely.

Inflation in the Palestinian territories turned positive in 2021. Consumer prices increased in 2021, reflecting a pickup in demand as well as rising global food and energy prices. For the full year of 2021, the CPI rose by 1.2 percent, year on year. Price increases have continued in 2022, and the latest data for March show that the CPI rose by 3.6 percent year on year, mainly due to higher food prices.

The Palestinian economy is expected to continue its recovery in the coming period, albeit at a slower rate. In 2022, growth in the Palestinian territories is projected to slow down to 3.7 percent as the low base effect weakens and fiscal consolidation continues. The ongoing wave of the Omicron variant of COVID-19 may also pose additional risks. Assuming the PA will further expand the vaccination campaign to cover a larger portion of the population and lockdown measures will continue to be eased, private consumption and investment as primary engines of growth are projected to recover further, supported by improved consumer and business confidence. In addition, the increase in the number of Palestinian workers in Israel is expected to play a positive role in the Palestinian economy.² Over the medium term, however, sustainable sources of growth remain limited. Under a baseline scenario that assumes a continuation of the restrictions on movement and access, the persistence of the internal divide between Gaza and the West Bank, and stagnating aid levels, the growth of the Palestinian economy is expected to hover around 3 percent in 2023–2024, resulting in stagnating income levels, especially in Gaza. Finally, the fiscal situation is expected to remain fragile going forward. The fiscal deficit is projected to remain large in 2022, reaching 5.1 percent of GDP (before aid).

Downside risks remain elevated. The Russia-Ukraine war may affect the outlook through mounting inflationary pressure and a widening of the PA's deficit as the fuel subsidy increases and as the PA has announced a value added tax (VAT) holiday on all packaged flour sales for three months. This inflationary pressure is compounded by extraordinarily high transaction costs and restrictions on access to alternative markets. Further waves of COVID-19 may also present risks to the outlook, especially if no additional vaccines are secured beyond mid-2022. Further, if recent clashes between Palestinians and Israeli forces in the West Bank and Gaza (WB&G) escalate and restrictions are imposed on the entrance of Palestinian workers to Israel, there is little room left to absorb such shocks.

2 Recently and for the first time, a quota of 500 permits for Palestinian hi-tech workers was issued. Also, according to the Gol, a resolution was adopted by the Israeli cabinet on March 27, 2022, expanding the quota for workers from Gaza to 20,000 workers (the highest since 2007), of which 12,000 permits are in the construction sector and 8,000 are in agriculture.





ABOUT THE PURSE MDTF

2

2.1. GENERAL INFORMATION

The key objective of the PURSE MDTF is to strengthen sustainable recovery, economic reform, and social resilience in the West Bank and Gaza.

The Palestinian Umbrella for Resilience Support to the Economy Multi-Donor Trust Fund (PURSE MDTF, PURSE, or MDTF), together with the World Bank-administered Trust Fund for Gaza and the West Bank (TFGWB), supports the core needs and priorities of the Palestinian people. The MDTF was successfully launched in June 2021 and has a 10-year implementation timeline (Table 3). Its activities are aligned with the PA's priorities in governance, macro-fiscal stability, human capital investment, service delivery, private sector development, job generation, and social protection for the poor and at-risk population.

Table 3. PURSE MDTF Trustee-Level Funds

TF073643	Approval	March 19, 2021
	Activation	June 27, 2021
	End of disbursement	December 31, 2031

The MDTF engages with people and institutions across Palestinian society. It works with the PA at multiple levels, from line ministries to local institutions, as well as civil society organizations, the poor and at-risk populations, and private sector actors such as firms and entrepreneurs. The PURSE has four pillars: (a) Macro-Fiscal Stability and Public Financial Management, (b) Human Capital Investment and Service Delivery, (c) Private Sector Development and Job Generation, and (d) Protection for the Poor and At-Risk Population. Collectively, these pillars work to improve service delivery, enhance the business enabling environment and institutional building, invest in people, generate equal employment opportunities, and protect the poor. The PURSE contributes knowledge, analysis, policy advice, and funding to help achieve these goals, as well as piloting innovative approaches that are tailored to the needs of different populations. This work is carried out in dialogue with beneficiaries, who contribute to the knowledge and analysis and are being supported by project outcomes.

PURSE supports donors, the World Bank, and the PA to leverage funding and meet the needs of the WB&G population. It enables donors to share experience and good practice as well as drive transformational change where necessary. Funds are used in collaboration with beneficiaries to create and execute policy and institutional reforms, expand public and private investments, and protect the poor.

The MDTF provides a central mechanism for channeling funding to activities aligned with the World Bank Group's Assistance Strategy FY22–25 for the West Bank and Gaza. In addition, the MDTF supports private sector development, digital transformation, and human capital investment, themes that were not covered by previous trust funds (TFs).

PURSE is aligned with the PA's National Development Plan (NDP) 2021–2023, which places the economy and human capital in the core of its strategy (refer to Annex 1). The NDP responds to COVID-19 by stressing the importance of the institutions' resilience going forward. It is also centered around reforms, enhancement of service delivery, and sustainable development—including strengthening governance and public institutions efficiency, creating economic opportunities, enhancing the business environment, promoting equality in education and health for all, addressing multidimensional poverty, and creating jobs.

In accordance with the World Bank Group COVID-19 Crisis Response Approach Paper, PURSE continues to promote a COVID-19 recovery and resilience approach. The direct and indirect effects of COVID-19 will be tackled through (a) emergency support for health interventions, which save lives threatened by the virus; (b) social responses to support poor and vulnerable people in coping with the economic and social effects of the pandemic; (c) economic responses which help protect and generate jobs and facilitate sustainable business growth, through supporting firms and financial institutions to survive the initial crisis and build their resilience through restructuring and recapitalizing; and (d) targeted support to strengthen policies, institutions, and investments to promote an inclusive, resilient, and sustainable recovery. More generally, most of the operations and Advisory Services and Analytics (ASA) co-financed by PURSE—including Development Policy Grant (DPG) 11 and the Emergency Social Protection and Jobs (SPJ) project—are COVID-19 aware, designed to respond quickly to emerging needs for COVID-19 mitigations such as social distancing and personal protective equipment.

PURSE is shaped by three cross-cutting themes: (a) addressing and narrowing gender gaps, (b) promoting citizen engagement, and (c) maximizing climate resilience. Corporate priorities of the World Bank such as gender, citizen engagement, climate resilience, technology, innovation, and Maximizing Finance for Development (MFD) are addressed across the four pillars.

2.2. SUMMARY OF KEY RESULTS AND UPDATES

The PURSE MDTF currently has received resources in two pillars: Pillar I focuses on macro-fiscal stability and public financial management (PFM) and Pillar IV focuses on social protection for the poor and at-risk population. Pillar I consists of one active project: the *Building the Foundations of a Digital Economy, Strengthening Resilience, and Supporting Governance Development Policy Grant* (hereafter, DPG11); one project under preparation: the *Supporting Transparency, Inclusiveness, and the Green Economy Development Policy Grant* (hereafter, DPG12) and two associated ASAs: the *Causes of the PA's Large Wage Bill and Recommendations towards its Sustainability* (hereafter, Wage Bill Note) and *Measuring Multidimensional Poverty in the national Palestinian Expenditure and Consumption Survey (PECS) 2022/2023* (hereafter, Measuring Multidimensional Poverty ASA). Pillar IV has one active project: the *West Bank Emergency Social Protection and Jobs COVID-19 Response Project* (hereafter, Emergency SPJ COVID-19 Response) and its associated Additional Financing (AF).

Based on the latest Implementation Status and Results Reports (ISRs), the Emergency SPJ COVID-19 Response continues to make satisfactory progress toward its Project Development Objective (PDO), and its Implementation Progress (IP) has been upgraded from Moderately Satisfactory to Satisfactory. Progress on DPG11 was rated Moderately Unsatisfactory, both for its PDO and its IP, due to some challenges in key components.

2.2.1 Pillar I (Macro-Fiscal Stability and Public Financial Management)

DPG11 has demonstrated significant advances in many components and has already exceeded several end targets; however, overall progress has been rated Moderately Unsatisfactory due to a few setbacks. A total of 324,083 e-wallets have been issued, 26 percent of them to women, surpassing the final target of 120,000 e-wallets, 20 percent of which are owned by women. Emergency financial support has also been provided to 64,112 households affected by the COVID-19 pandemic, surpassing the end target of 62,000. The PA enacted the new law on Communications and Information Technology on December 30, 2021, replacing an outdated framework from 1964. However, the final version of the law did not grant the telecommunications regulatory authority sufficient independence; recently, amendments to the law to address these issues were signed by the President on May 18, 2022, and published in the official gazette on May 25, 2022. The Waqfet Izz solidarity fund has distributed funds to 75,000 households, which lost income due to COVID-19, but some recipients were found to be ineligible. According to information provided by the Prime Minister's Office, findings of the State Audit Administrative Control Bureau (SAACB) report were considered by the Ministry of Labor (MoL), and the unduly made payments were recovered.

DPG12 received approval from the Board of Executive Directors on June 7, 2022. Its first pillar aims to improve public resource management and support inclusiveness. Toward this, an end-to-end electronic Government Procurement (e-GP) system will be developed and executed. Active financial inclusion bank accounts will be rolled out, giving more of the population access to the financial system. Two ministries—the Ministry of Social Development (MoSD) and the Ministry of Education (MoE)—are also expected to draw up gender-responsive budgets, informed by a gender impact appraisal, by December 2023. The second pillar will help strengthen governance in the water sector and accelerate the greening of the economy. By December 2023, two Regional Water Utilities (RWUs) will be set up and a Measurement, Reporting, and Verification (MRV) system will be created to monitor greenhouse gas (GHG) emissions.

2.2.2 Pillar IV (Social Protection for the Poor and At-Risk Population)

The **Emergency SPJ COVID Response** is making satisfactory progress toward its PDO. Four rounds of emergency cash transfers have been made to 44,783 households made newly poor as a result of the COVID-19 pandemic; a fifth payment is under way. In addition, US\$6.1 million was contributed toward closing the funding gap of the MoSD's Cash Transfer Program (CTP). This money benefitted 23,025 households in the WB&G. The Cash for Work component has also shown progress: 19 nongovernmental organizations (NGOs) have been selected to take part in the project, signed sub-grants, and participated in orientation sessions. This component aims to create short-term employment for 3,940 people, 50 percent of whom will be women. The selection process is ongoing.

2.2.3 Bank-Executed Advisory Services and Analytics

The **Wage Bill Note** was requested by the PA to analyze the causes of the PA's large wage bill and make recommendations toward its rationalization. The ASA is analyzing relevant laws, regulations, and by-laws and civil service grade structures and salaries. The findings will be presented to the PA by October 15, 2022, in a detailed note which sets out the main sources of inefficiencies and provides quantified recommendations for possible reforms. By adopting these recommendations, the PA could significantly reduce its wage bill and improve its fiscal stance.

The **Measuring Multidimensional Poverty ASA** is part of the technical assistance (TA) that the World Bank is providing to PCBS. A multidimensional approach to understanding welfare and poverty is in line with Sustainable Development Goal (SDG) Indicator 1.2.2. A particular feature of SDG Indicator 1.2.2 is that a global methodology is not mandated, and each country is therefore expected to define its own national measure of multidimensional poverty. The next Measuring Multidimensional Poverty ASA is planned to run from mid-2022 to mid-2023. This ASA aims at ensuring that the upcoming PECS includes an appropriate module and additional questions that will allow for the measurement of a Multidimensional Poverty Indicator (MPI) in line with international best practice. This will, in addition, complement the survey's ability to track progress toward the SDGs at the national and subnational levels.

The **WB&G Social Inclusion and Citizen Engagement ASA** is a three-year programmatic ASA (FY22–24). The objective of the ASA is to provide support and strengthen the WB&G's approach in three areas: (a) socially sustainable and inclusive development, focusing on vulnerable groups (persons with disabilities, youth, elderly, women-headed households, and so on) and social risk management; (b) gender and gender-based violence (GBV); and (c) citizen engagement and social accountability, where the latter will focus on strengthening the strategic approach toward issues of transparency, citizen participation, and social accountability (with special emphasis on the use of digital means of engagement for specific vulnerable groups such as persons with disabilities). Across all three areas, the ASA will undertake analytical work and provide support for TA and capacity building (of both the PA and civil society institutions) and stakeholder engagement and policy dialogue for requisite reform.

2.3. CROSS-CUTTING THEMES

In line with the World Bank's corporate priorities, PURSE includes activities that contribute to achieving results under the following cross-cutting themes: addressing and narrowing gender gaps, promoting citizen engagement, and maximizing climate resilience.

2.3.1 Addressing and Narrowing Gender Gaps

DPG11. The results framework for this DPG includes a gender indicator focusing on the percentage of female ownership of outstanding e-wallet accounts. The target was that, by the end of 2022, the share of female ownership of outstanding e-wallet accounts would be 20 percent—higher than their share of ownership of bank accounts, according to the latest available data, helping to bridge the gender gap in this area. This target has already been exceeded: 26 percent of e-wallets are currently held by women. The gender aspect of Prior Action 1 complements the national focus on financial inclusion as demonstrated in the 'National Financial Inclusion Strategy for the State of Palestine', for 2018–2025, where increasing the level of financial inclusion among adult women is the main area of focus.

DPG12. The DPG12 supports the efforts that the PA has adopted to enhance inclusiveness. Particularly, this supports simplifying the requirements for financial inclusion accounts for the unbanked population and requesting line ministries to prepare gender-responsive budgets. By December 2023, two key line ministries, the MoSD and the MoE, are expected to have produced gender-responsive budgets informed by a gender impact appraisal. The preparation of gender-responsive budgets will ensure that the principles of gender equality are mainstreamed into public policies, laws, and relevant planning and budgeting processes, which will eventually result in the provision of gender-sensitive services.

Emergency SPJ COVID-19 Response including the AF. This intervention will also contribute to the World Bank Gender Strategy (FY16–23). The project will pay particular attention to ensuring women have equal access to emergency cash transfers and cash-for-work opportunities. Of the targeted population under the emergency cash transfers and the cash for work program, 50 percent will be women, thus directly contributing to alleviating female-headed households' hardships and improving women's access to more and better jobs.

2.3.2 Promoting Citizen Engagement

Emergency SPJ COVID-19 Response. Citizen engagement is built into the project through public awareness raising activities as well as the grievance redress mechanism (GRM) for the CTP. The project uses the MoSD's existing CTP GRM, which is well established and has been rated as highly effective at both handling grievances and communicating with the public. The GRM includes a citizen engagement component, provides a public platform which facilitates two-way communication between citizens and the ministry, and publishes important information such as the MoSD budget. Citizen awareness of the program is raised through communication campaigns, which utilize social media, text messages, TV, and radio, and emphasize the temporary nature of the project.

2.3.3. Maximizing Climate Resilience

DPG11. The DPG will increase the resilience of the population through climate adaptation measures. For instance, Prior Action 6, which supports the implementation of an emergency response framework that safeguards water quality and public health during pandemics and other disasters, contributes to climate change adaptation through ensuring a more resilient water supply system. Since water is the scarcest resource for the vulnerable population, the utilization of this framework by service providers would help identify the location of vulnerable communities and individuals susceptible to climate-induced disasters and provide contingencies for those targeted communities like escape routes to shelters when these disasters hit. This would also allow the authorities to raise awareness of climate change and risks and inform recipients of best practices in adapting to climate change impacts. In addition to this adaptation measure, the DPG supports reforms that will help mitigate climate change. For instance, establishing a telecoms regulator will help expand the information and communication technology (ICT) sector and associated sustainable ICT-related services, as opposed to activities that have high carbon footprint; this will help mitigate climate impacts indirectly. Finally, improvements in public procurement and the medical referral system will contribute to fiscal savings for the PA, which would potentially be channeled toward funds supporting climate mitigation measures.

DPG12. This DPG makes a significant contribution to climate resilience through its focus on supporting the green economy. Prior Action 4 of this operation, which supports improvements in governance and service delivery in the water sector, will contribute to climate change adaptation through ensuring a more resilient water supply system. It is expected that two RWUs will have been established by December 2023, which will enhance governance and make service delivery more efficient. Moreover, this DPG supports the implementation of climate change-related amendments to the environmental protection law. The monitoring of GHG emissions will be enabled by the creation of an MRV system at the Environment Quality Authority. To build resilience to diseases caused by climate change, 240 health care professionals will be trained in disease prevention. Climate resilience will be further increased through the rehabilitation and sustainable management of 4 percent of the total area of forest, rangeland, and upland.



FINANCIAL OVERVIEW

3

3.1. PLEDGES

From the PURSE MDTF's inception in June 2021, a total of US\$32.6 million has been pledged with participation from two development partners (DPs): Norway (Ministry of Foreign Affairs) and France (Ministry of Economy and Finance). As shown in Table 4, all the pledges have been paid in. The World Bank has continued to maximize fund-raising efforts and communicate with potential new DPs to join the PURSE MDTF.

Since the conclusion of the reporting period for this annual report, the Swiss Agency for Development and Cooperation joined the PURSE MDTF with its first contribution in the amount of US\$6.2 million, which was confirmed on July 21, 2022.

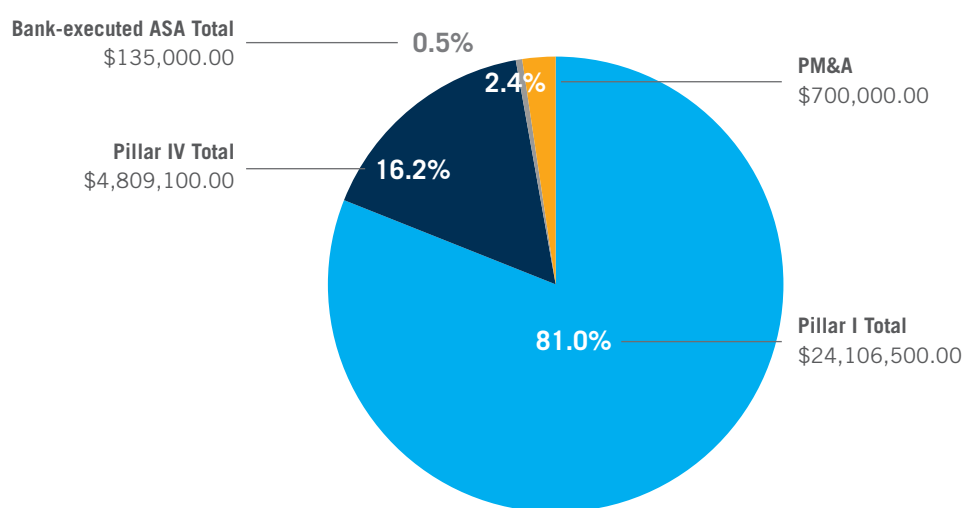
Table 4. TF Financial Contributions as of June 30, 2022
(Pledged and Received)

June 30, 2022		Pledged to Date - Total (in millions)					
DPs	Currency	Pledged		Paid-in to Date		Receivables	
		Pledge Currency	US\$	Pledge Currency	US\$	Pledge Currency	US\$
France	EUR	8.0	9.3	8.0	9.3	0.0	0.0
Norway	NOK	207.0	23.3	207.0	23.3	0.0	0.0
Total (USD)		—	32.6	—	32.6	—	0.0

3.2. COMMITMENTS AND ALLOCATIONS

PURSE MDTF funding in the amount of US\$29.8 million has been committed for co-financing, 97 percent of which is in recipient-executed activities. The largest share (81%) of financing, US\$24.1 million, is committed to the budget support operation (DPG11) under Pillar I (Macro-Fiscal Stability and Public Financial Management). The recipient-executed activity for Pillar IV (Social Protection to the Poor and At-Risk Population) follows with an approximate total of US\$4.8 million—16 percent of financing.

Figure 2. PURSE MDTF Grant Distribution by Pillar as of June 30, 2022



Note: PM&A = Program management and administration.

A total of US\$135,000—0.5 percent of committed funds—across three different activities has been committed to the Bank-executed ASA window. During FY22, the World Bank committed US\$50,000 of PURSE MDTF resources to (a) Wage Bill Note and (b) Multidimensional Poverty ASA. Furthermore, a commitment of US\$35,000 was made to the Social Inclusion and Citizen Engagement ASA in April 2022. To date, a PM&A commitment of US\$0.7 million has been made, which is 2.2 percent of the total pledged amount.

Total PURSE MDTF funding allocations amount to US\$1.1 million. Of the US\$1.1 million allocated funds, for the Bank-executed activities, US\$125,000 has been allocated to finance two ASA activities: (a) two AHLC reports for US\$100,000 and (b) the fiscal incidence analysis for US\$25,000. As agreed during the concept stage, US\$930,225—5 percent of the total pledged amount—has been allocated to PM&A. Out of the PM&A window, US\$200,000 has been allocated to implementation support to the Education Multiphase Programmatic Approach (MPA) project (Supporting an Education Reform Agenda for Improving Teaching, Assessment and Career Pathway [SERATAC]). This SERATAC Implementation Support allocation will fund work due to start in FY23, which will provide ongoing support to the MoE for the high-quality implementation of SERATAC (see Chapter 5.2.1 for more information).

Table 5. TF PURSE MDTF Commitments and Allocations as of June 30, 2022

Commitments and Allocations (US\$)	
Pledged	32,604,509
PURSE MDTF Commitments^a	
Commitments to Active (and Pending) Activities	29,750,600
Pillar I: Macro-Fiscal Stability and Public Financial Management	24,106,500
Pillar IV: Social Protection to the Poor and At-Risk Population	4,809,100
Bank-executed TA	135,000
PM&A (up to 5%)	700,000
Total Committed	29,750,600
PURSE MDTF Allocations^b	
Bank-executed TA	125,000
AHLC Reports	100,000
Fiscal Incidence Analysis to Simulate the Welfare Effects of Possible Changes to Fiscal Policy	25,000
PM&A and Implementation Support	930,225
PM&A (up to 5%) ^c	730,225
SERATAC Implementation Support	200,000
Total Allocated	1,055,225
TF Fee (5–2%)^d	
[Committed] TF Fee	934,225
[Allocated] TF Fee	511,555
TF Fee	1,445,780
Total Unallocated	352,904

Note:

- Corresponds to resources already committed to specific activities.
- Corresponds to planned allocations to specific activities.
- This amount is based on the general allocation (5% of the total pledged amount) to the PM&A window, which deducts (a) the already committed amount and (b) the implementation support allocation.
- For all World Bank-administered TFs, the current practice for Recipient-executed activities is to charge a TF fee of between 2 percent and 5 percent, depending on the cumulative size of the grants (that is, 5% if Cumulative Grant Total ≤ US\$50 million, 4% if Cumulative Grant Total ≤ US\$500 million, 3% if Cumulative Grant Total ≤ US\$1 billion, and 2% if Cumulative Grant Total ≥ US\$1 billion.)

Table 6: PURSE MDTF Child TFs as of June 30, 2022

Grant Number	Grant name	Execution	Legal Status	Project ID	Grant Closing Date	Grant Amount (After Any Canceled Funds) (US\$)	Disbursements (US\$)
TF073643							
TF0B6841	Building the foundations of a digital economy, strengthening resilience, and supporting governance (DPG11)	Recipient Executed	Active	P174975	30-Sep-22	24,106,500	24,106,500
TF0B7880	Emergency SPJ COVID-19 response project additional financing	Recipient Executed	Pending	P174078	31-Dec-23	4,809,100	0
TF0B8040	Wage bill note	Bank Executed	Active	P178707	30-Sep-22	50,000	0
TF0B8444	Measuring multidimensional poverty in the pecs 2022/2023 national survey	Bank Executed	Pending	P177399	31-May-22	50,000	45,000
TF0B8724	WB&G social inclusion & citizen engagement ASA-PURSE	Bank Executed	Active	P177796	31-Dec-22	35,000	0
TF0B7037	PURSE program management and administration	Bank Executed	Active	P176539	31-Dec-26	700,000	336,475
Total						29,750,600	24,487,975

3.3. FINANCING NEEDS

Funding needs going forward for the PURSE MDTF are estimated at US\$50.6 million. Table 7 is an estimate of capital investment needs across the pillars, presented as a breakdown of committed and allocated funding by source along with an estimate of the additional funding needs by type of activity. As noted in Table 7, the total estimated financing gap amounts to US\$50.6 million—US\$25 million for Pillar I, US\$10 million for Pillar II, US\$15 million for Pillar III, and US\$615,000 for the Bank-executed ASA tasks. The World Bank supports the PA in its efforts to cover the financing gap—through the TFGWB and PURSE MDTF—by financing a share of overall pillar needs appraised as viable investments.

Table 7. Additional Funding Needs (US\$, millions)

Ongoing and Proposed Activity	Committed/Allocated Funding			Additional Funding Needs
	TFGWB	PURSE	Other	
Pillar 1: Allocations and funding needs	30.0	0.0	0.0	25.0
DPG12	30.0	0.0	0.0	25.0 - To (a) improve public resource management and support inclusiveness and (b) strengthen governance in the water sector and accelerate the greening of the economy
Pillar 2: Allocations and funding needs	0.0	0.0	0.0	10.0
Strengthening Health System Resilience to Improve Access to Quality Health Care Services	0.0	0.0	0.0	10.0 - The objective of this operation is to improve the resilience and sustainability of the Palestinian health system through scaling up implementation of family health and strengthening delivery of hospital care services at PA hospitals. Specifically, the operation would finance strengthening physical and human resource infrastructure at health facilities, medical equipment, trainings, potential recurrent costs, and costs associated with health information systems. It will also finance expansion of chronic disease management capacity at PA hospitals through investments in medical equipment for prioritized conditions.

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Ongoing and Proposed Activity	Committed/Allocated Funding			Additional Funding Needs
	TFGWB	PURSE	Other	
Pillar 3: Allocation and funding needs	23.0	0.0	1.5	15.0
Finance for Jobs II	23.0	0.0	1.5	15.0 - With this proposed scale-up, the F4J SoP will further support innovative financing instruments to facilitate job creation through the deployment of private capital in the WB&G. One of the tools used is the investment co-financing facility (ICF), a risk-sharing grant facility that provides co-financing to commercially viable and job-creating private sector investments that would otherwise not proceed due to the risk and context of fragility, conflict, and violence (FCV) and is playing a vital role in the post-COVID-19 recovery of the Palestinian territories. Additionally, the Development Impact Bond (DIB), a type of results-based financing in which private investors provide up-front capital to fund an intervention that is later repaid by the 'Outcome Funder' if certain predetermined results are achieved, with the goal to deliver better results due to flexibility, strong performance management, and data-driven decision-making.
Bank-executed ASA: Allocation and funding needs	0.0	1.0	0.0	0.615
Bringing a Gender Lens to the Impact of Fiscal Policy and Social Programs	0.0	0.0	0.0	0.05 - This task will seek to build on the model developed in the Commitment to Equity (CEQ) analysis for the WB&G by bringing a gender perspective to fiscal incidence analysis. This involves analyzing how fiscal policies affect women and girls at both the household and individual levels.

(Table continued on the next page)

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Ongoing and Proposed Activity	Committed/Allocated Funding			Additional Funding Needs
	TFGWB	PURSE	Other	
Building a Geospatial Portal for Improving Targeting and Understanding Multidimensional Poverty in the WB&G	0.0	0.0	0.0	0.065 - A web-based geospatial data portal will be created that maps different indicators in the WB&G at the locality level. The aim is for the Poverty Team to develop this tool that will eventually be hosted by PCBS. The tool is intended to be used as a complement to the geographic targeting methods that are employed in many projects. Teams will be able to compare potential project site locations against a large set of indicators that are finely disaggregated. These could include, for example, measures of monetary poverty, multidimensional poverty, proximity to conflict events, labor market conditions, access to services, and the presence of existing projects being implemented by the World Bank and/or by the donor community.
Closing the Funding Gap for the PECS 2022/2023	0.0	0.0	0.0	0.2 - There is a funding gap of US\$200,000 remaining for the PECS that will be conducted in 2022/2023. The total budget for the survey is US\$1.2 million. So far, the PA has contributed US\$500,000, and this has been matched by donors. We are requesting resources to cover the current gap so that the survey can begin in FY23. The survey will provide crucial data on the welfare of Palestinian households in the WB&G, and includes detailed modules on socioeconomic statistics, housing and demographic statistics, consumption expenditure, income and labor market engagement, and coping strategies to deal with shocks such as conflict and COVID-19.
Redesigning Health Service Delivery to Improve Resilience and Sustainability	0.0	0.0	0.0	0.3 - The proposed TA engagement would seek to improve the resilience and sustainability of the Palestinian health system. It would do so through producing relevant analytics across two domains: (a) supporting the reorganization of the health system and the implementation of family medicine and (b) improving the sustainability of health expenditures. The analytics include a review of global and local best practices for family medicine reform design and implementation, an operational road map for family medicine reform, TA to finalize outside medical referrals (OMRs) localization plan, analyses on pricing and procurement, and a review of purchasing arrangements and fiscal space for the health sector.

(Table continued on the next page)

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Ongoing and Proposed Activity	Committed/Allocated Funding			Additional Funding Needs
	TFGWB	PURSE	Other	
Business Regulation for Investment, Digitalization, Governance and Entrepreneurship (BRIDGE)	0.365	0.0	0.0	0.5–5.0 - BRIDGE programmatic ASA (4 years) aims to promote inclusive, sustainable private sector-led growth in the WB&G through business regulation reforms, improved governance, enhanced transparency, and strengthened Government-to-Businesses service delivery. It has 3 components: (a) design and implementation of a modern Companies Law and business registration framework, (b) business licensing reforms, and (c) business inspections reforms. BRIDGE ASA was supposed to be supported by the EU, but delays in accessing funding have put critical reforms in danger, especially the implementation of the Companies Law. Funding is needed urgently to implement Phase 2 of Component 1 - Companies Law. If the EU funding will not be accessed soon, the World Bank is looking for interested donors to support the Phase 3 of the implementation of the Companies Law, as well as the other proposed components/business environment reforms that are very important for the Government, private sector, and sustained economic growth.
Total additional funding needs				50.615

Note: EU = European Union; F4J = Finance for jobs; SoP = Series of projects..





PURSE WORK BY PILLAR

4

For the recipient-executed operations, the PURSE MDTF currently finances a total of two active activities in two pillars: Pillar I (Macro-Fiscal Stability and Public Financial Management) and Pillar IV (Social Protection for the Poor and At-Risk Population). Pillar I consists of one active development policy grant: the *Building the Foundations of a Digital Economy, Strengthening Resilience, and Supporting Governance Development Policy Grant* (DPG11). Pillar IV has one active project: the *West Bank Emergency Social Protection and Jobs COVID-19 Response Project* (Emergency SPJ COVID-19 Response) and its associated Additional Financing (AF).

For the Bank-executed activities, PURSE finances three Bank-executed ASAs: (a) the *Causes of the PA's Large Wage Bill and Recommendations towards its Sustainability* (Wage Bill Note), (b) *Measuring Multidimensional Poverty in the national Palestinian Expenditure and Consumption Survey (PECS) 2022/2023* (Measuring Multidimensional Poverty ASA), and (c) *WB&G Social Inclusion and Citizen Engagement Programmatic ASA*.

4.1.1. Support to Macro-Fiscal Stability (Budget Support)

DPG11. Building the Foundations of a Digital Economy, Strengthening Resilience, and Supporting Governance (P174975)

Duration	1.5 years	
Board Approval Date	May 28, 2021	
Project Closing Date	September 30, 2022	
Total Grant Financing	US\$48.7 million	
TFGWB Financing	US\$30 million	Approval: April 19, 2021
PURSE MDTF Grant Amount	US\$18.7 million	Approval: September 28, 2021
Status	Active	

Objective: To (a) Support the digital foundations of the Palestinian economy, (b) Strengthen recovery and resilience post COVID-19, and (c) Improve governance and transparency in the areas of public procurement, wage bill control and the health sector.

BACKGROUND

DPG11 is a stand-alone operation that provides financing to the PA's budget. The operation is designed to support the authorities in achieving selected strategic priorities envisaged in the National Policy Agenda (NPA) 2017–2022 while also underpinning efforts that the PA has taken to deal with the COVID-19 crisis.

OPPORTUNITY

The first pillar of this operation addresses an area new to DPGs: it focuses on building the foundations of a digital economy through the adoption of a modern telecoms law and the operationalization of e-payments companies. It is expected that these actions could help support a vibrant digital economy that can bring shared prosperity and reduce poverty through inclusive growth and job creation, by boosting the connectivity of the Palestinian territories, notwithstanding the current constraints on the movement of goods and people.

The second pillar of the DPG supports actions that the PA has adopted to facilitate recovery following the COVID-19 crisis while also ensuring stronger resilience in the face of future pandemics through reforms in the health, social, and water sectors.

The last pillar builds upon reforms supported by previous operations, especially in the areas of governance and transparency, through supporting the PA's efforts to continue improving the quality of public procurement practices, strengthen controls on the public wage bill, and increase the transparency of medical referrals.

KEY ACHIEVEMENTS

Pillar 1: Support the digital foundations of the Palestinian economy

- The operationalization of e-payment companies has progressed well. A total of 324,083 e-wallets have been issued, 26 percent of which are owned by women, already exceeding the end target of 120,000 e-wallets with 20 percent female ownership.

Pillar 2: Strengthen recovery and resilience post COVID-19

- Households affected by the COVID-19 pandemic have been supported to access emergency financial support: 64,112 households have already received support through the MoSD's online registration system, exceeding the end target of 62,000. Additionally, the 'Waqfet Izz' solidarity fund has collected about US\$18 million from private institutional and individual donors and distributed funds to 75,000 households which have lost income due to COVID-19; the fund has already reached more beneficiaries than the final target of 53,000 beneficiaries.
- Across the public and private sectors, 19 hospitals and health facilities have now been involved in operationalizing the Pandemic Response Plan of the Ministry of Health (MoH), which guides the use of resources to optimize the response to COVID-19. The end target of mobilizing 15 facilities has been exceeded.
- Progress has been made toward safeguarding water quality: three of the four targeted service providers now meet World Health Organization (WHO) standards for the number and frequency of free chlorine tests in the water supply network (Jerusalem Water Undertaking, Nablus municipality, and the Hebron municipality).

Pillar 3: Improve governance and transparency in the areas of public procurement, wage bill control and the health sector

- Progress has been made in operationalizing the Dispute Review Unit (DRU), which will review appeals to public procurement decisions. The recruitment of DRU experts has been completed, and the cabinet has approved the selection of the DRU committees. As a result, the DRU is now ready to receive dispute requests. So far, two cases have been submitted to the DRU; one has been resolved, while the other is still being processed. The case that was resolved was, indeed, handled within the period stipulated in the implementing regulations of the Public Procurement Law and was published on the portal, as requested by the DPG indicator.³
- As of December 2021, 20 percent of non-consulting service tenders processed by the General Services Department (GSD) used the Standard Bidding Documents (SBDs) while only 1 out of 10 (10 percent) framework agreements for common-use goods entered into by the GSD used the new SBDs. This is lower than the target of 100 percent agreed upon in the DPG. Despite the delay, it is expected that the DPG target will be achieved within the required timeline as the Cabinet issued a decision in September 2021 emphasizing the mandatory use of SBDs by all procuring entities. Therefore, the GSD will be fully committed to using the new SBDs going forward.

3 Details of the case and the resolution can be accessed here: <https://www.shiraa.gov.ps/disputeunit/resolutions>.

- Progress has been made toward the installation of the new payroll system which will connect the MoF's payroll management information system with the human resources system at the General Personnel Council. As of December 2021, the MoF has finalized the preparation of the data migration plan. The trial mode started in the first quarter of 2022. However, actual data migration is expected to be finalized in March 2023, which is after the DPG-requested timeline.
- Transparency related to OMRs has improved. About 86 percent of transactions entered in the MoH's e-referral system are now captured and automatically reflected in the MoF's Integrated Financial Management Information System (IFMIS). This gives the MoF real-time information on its liabilities, enabling it to improve its financial planning. The target of 100 percent of transactions being captured and automatically reflected in the IFMIS is expected to be reached by the end of 2022.

MAIN ISSUES

Challenges have been encountered in the following components.

Pillar 1

- The PA passed the new Telecommunications Law No. 37 of 2021 last December. However, the final version of the law, as published in the Official Gazette, did not grant the Telecommunications Regulatory Authority the level of independence required to effectively perform its role independently. Following comments from civil society and international organizations, including the World Bank, the Cabinet recently revised the law to strengthen the technical and regulatory authority of the regulator, in line with advice provided by the World Bank. This amendment to the law was sent to the President's office for his signature and is expected to be enacted and published in the Official Gazette by mid-June 2022.

Pillar 2

- Some recipients of the Waqfet Izz solidarity fund were found to be ineligible by the State Audit Administrative Control Bureau's (SAACB) annual report for 2020. The MoL has considered this finding, and a plan has been implemented to recover the ineligible payments. The World Bank is awaiting final confirmation from the MoL on this.

MOVING FORWARD

This operation is under implementation.

4.2.1. Social Protection

West Bank Emergency Social Protection COVID-19 Response Project (P174078) and Emergency Social Protection and Jobs COVID-19 Response Project AF (P176199)

Duration	3.5 years
Board Approval Date	July 27, 2020
AF Board Approval Date	April 19, 2022
Project Closing Date	December 31, 2023
Total Grant Financing	US\$39.4 million (Expected)
TFGWB Financing	US\$30 million Approval: June 21, 2020
Middle East and North Africa Region Umbrella 2.0 MDTF	US\$4.6 million
PURSE MDTF Grant Amount	US\$4.8 million
Status	Active

Objective: To provide cash support and short-term employment opportunities to vulnerable populations in West Bank and Gaza affected by emergency shocks including COVID-19 and in case of an eligible crisis or emergency, respond to it promptly and effectively.

AF Objective: To provide cash support and short-term employment opportunities to vulnerable populations in the West Bank and Gaza affected by emergency shocks including COVID-19 and in case of an eligible crisis or emergency, respond to it promptly and effectively.

BACKGROUND

The Emergency SPJ COVID-19 Response supports the PA's emergency response to the COVID-19 crisis through four components: (a) Emergency Cash Transfers in the West Bank; (b) Cash for Work in the West Bank; (c) Capacity Building Project Management, Monitoring and Evaluation; and (d) Contingent Emergency Response Component (CERC). The project also aims at helping lay the foundation for a reliable system of providing cash transfers that will be responsive to future shocks. The project will use and improve upon existing delivery platforms to scale up cash support and provide cash-for-work opportunities to households affected by COVID-19. This experience should provide valuable lessons and allow the PA to respond quickly and effectively to mitigate the adverse effects of future crises. An AF for the project is soon to be approved by the World Bank's senior management. The AF has been prepared to expand the emergency cash transfers by including poor households in Gaza. The project is also scaling up the cash-for-work component by increasing the number of beneficiaries that will have access to short-term job opportunities.

OPPORTUNITY

The emergency CTP aims to reach two groups of at-risk households: (a) applicants for the new COVID-19 relief support launched by the MoSD, the MoL, and the Ministry of Local Government and (b) poor households already registered in the MoSD's CTP system. The component therefore includes two subcomponents: (a) Subcomponent 1.1. Emergency Cash Transfers to households vulnerable to poverty not benefiting from the CTP system and (b) Subcomponent 1.2. Financing of the CTP funding gap. To ensure timely support, the implementation of the component relies on the MoSD's delivery system to work as a back-office service delivery for all cash transfers. The emergency cash transfers component offers a benefit of NIS 700 per household as a one-time payment during the pandemic for newly enrolled households and also helps with the financing of the CTP funding gap.

The project also provides sub-grants to selected NGOs to implement cash-for-work subprojects employing members of targeted vulnerable populations, through temporary employment, including health and other social services to address COVID-19-related health and social needs. With the AF, the project is expected to expand by providing emergency cash transfers to poor households in Gaza affected by COVID-19 and the overall deteriorating economic conditions. The AF, along with the parent project, will also provide short temporary employment opportunities for approximately 3,940 individual beneficiaries (of whom at least 50 percent will be women), building on the delivery model developed for Gaza (Emergency Cash for Work and Self-Employment Support Project). Supported subprojects will focus on health and other social services provided by NGOs to vulnerable groups affected by COVID-19 and will also include economic livelihoods initiatives to assist vulnerable populations in the recovery from the crisis.

KEY ACHIEVEMENTS

Emergency cash transfers. To date, four rounds of one-time payments of NIS 700 have been made for newly poor households, reaching 44,783 households in the WB&G affected by the pandemic through loss of income and the overall deteriorating economic conditions. The fifth payment is under way.

Financing of the CTP funding gap. As a result of the COVID-19 pandemic and the reemerging PA fiscal crisis due to the 2019 revenue standoff, US\$6.1 million of project financing was allocated to the CTP gap of the August 2020 quarterly payment. The July 2020 CTP payment was fully covered, reaching a total of 114,393 households in the WB&G through the allocation above, the US\$2.4 million allocation from the World Bank-financed Social Protection and Enhancement Project, and the contributions of the EU and the PA. The World Bank's contribution through this project (US\$6.1 million) reached 23,025 households (16,647 in the West Bank and 6,378 in Gaza), exceeding the end target of 21,400 due to US dollar currency devaluation.

With the AF resources, the end target will be 106,752 households benefiting from Component 1 compared to the original end target of 89,400.

Cash for work. Nineteen NGOs from different sectors, including health, education, psychosocial, and agriculture, have been evaluated and selected. Orientation sessions on environmental and social safeguard policies and instruments have been conducted for the NGOs. Signing of the sub-grants with the NGOs took place on March 29, 2022. This component is expected to create short-term job opportunities for around 3,940 beneficiaries, of whom 50 percent are women.

MOVING FORWARD

The parent project is under implementation. The AF was approved by the Regional Vice President for the Middle East and North Africa Region on April 19, 2022.

ADDITIONAL INFORMATION

To access all project information, including Project Appraisal Documents (PADs), Implementation Completion and Results Reports (ICRs), and ISRs, refer to the following links:

<https://projects.worldbank.org/en/projects-operations/project-detail/P176199>

<https://projects.worldbank.org/en/projects-operations/project-detail/P174078>.

4.3.1. Pillar I. Macro-Fiscal Stability and Public Financial Management

Causes of the Palestinian Authority's Large Wage Bill and Recommendations Towards Its Sustainability (P178707)

Duration	8 months
Concept Approval Date	February 24, 2022
Activity Completion Date	October 15, 2022
Total Grant Financing	US\$50,000
PURSE MDTF Grant Amount	US\$50,000
Status	Active

Objective: To help the Palestinian Authority identify measures to contain the wage bill by identifying and further understanding the main causes behind the large wage bill.

BACKGROUND

DPG11 is a stand-alone operation that provides financing to the PA's budget. The operation is designed to Despite achieving a good degree of fiscal consolidation in recent years, the PA's budget deficit remains large. In 2021, it stood at 5.8 percent of GDP. This has deleterious effects for the economy: the PA has limited sources of financing and resorts to accumulating arrears, which pulls liquidity from the market and could harm the private sector.

The wage bill is one of the PA's largest spending items. As a percentage of GDP, it remains higher than in comparator countries and increased again in 2021 due to the political decision to reinstate the salaries of Gaza employees. It now represents 15 percent of GDP and more than 50 percent of total PA's spending. The reasons behind this large wage bill are not fully clear.

OPPORTUNITY

The Minister of Finance has requested the World Bank for analysis of the reasons behind the inflated wage bill and recommendations to rationalize it. This effort is critical as it may open the door for more work with the MoF on a Medium-term Fiscal Framework (MTFF) built on credible reform efforts.

The development objective of this ASA is to help the PA identify measures to contain the wage bill by determining and further understanding the main causes of the large wage bill. To achieve this, the team will collect detailed information on the civil service salary and grade structure, as well as relevant civil service laws, regulations, and by-laws. This data will then be analyzed to understand the main sources of inefficiencies in the wage bill. The findings will be used to provide concrete recommendations on how to rationalize spending on the wage bill and provide quantifications of various reform options.

KEY EXPECTED OUTCOMES

The team will provide a detailed note to the PA summarizing the main sources of inefficiencies in the wage bill and setting out various reform options to reduce this spending item.

The note will initially be shared with the relevant authorities including the MoF, General Personnel Council, and the Prime Minister's Office to explain the findings and agree on possible reforms that may be implemented. At a second stage, the note will be disseminated to a larger audience.

If the PA adopts some or all of the recommendations, it is expected that spending on the wage bill will be reduced. This has the potential to significantly improve the PA's fiscal stance.

MOVING FORWARD

The full report will be delivered by October 15, 2022.

After completing the analysis, the team intends to work loosely with the MoF team to provide concrete implementable recommendations that can be part of the MoF MTFF and that can be supported through future budget support operations.

Measuring Multidimensional Poverty in the WB&G in the National PECS Survey (P177399)

Duration	1 year
Concept Approval Date	April 18, 2022
Activity Completion Date	June 30, 2023
Total Grant Financing	US\$50,000
PURSE MDTF Grant Amount	US\$50,000
Status	Active

Objective: To ensure that multidimensional poverty is measured and collected in line with international best practice in the upcoming national PECS survey

BACKGROUND

Important aspects of well-being in the WB&G are not fully captured through monetary measures of poverty alone. A multidimensional approach to understanding welfare and poverty is in line with SDG Indicator 1.2.2, which is defined as the “Proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.” A particular feature of SDG Indicator 1.2.2 is that a global methodology is not mandated, and each country is therefore expected to define its own national measure of multidimensional poverty. In the WB&G, this means adopting first a rights-based framework in which the selection of dimensions corresponds to a set of rights found in basic law, as well as in the current child protection and labor laws.

The next Measuring Multidimensional Poverty ASA is planned to run from mid-2022 to mid-2023. This is the largest nationally representative survey in the WB&G and will cover around 5,500 households and be representative at the national, urban/rural, and governorate levels. While there are well-established processes in place to measure the national money metric poverty rate at the national poverty line, there remain several gaps in terms of methodology, questionnaire design, and data processing around measuring national and subnational multidimensional poverty. The upcoming PECS represents a rare opportunity to ensure that both complementary measures of welfare are measured in line with international best practice and that the wider use of the multidimensional approach can be expanded to track progress toward SDG Indicator 1.2.2; to inform targeting of the CTP; and to be used more broadly for targeting by the PA, the donor community, and the World Bank for specific projects and activities in the future.

OPPORTUNITY

The PA, donor, and World Bank programs are increasingly interested in understanding multiple dimensions of welfare in the WB&G, rather than focusing on a single indicator like money metric poverty. There is significant momentum in shifting the beneficiary targeting strategy of the national CTP away from a proxy means test (PMT) and toward an MPI.

It is therefore essential to ensure that the upcoming PECS includes an appropriate module and additional questions that will allow for the measurement of MPI in line with international best practice. This will also complement the survey's ability to track progress toward the SDGs at the national and subnational levels.

PROPOSED COMPONENTS

- Consulting with experts in the National Statistical Office and the MoSD, as well as World Bank sector experts, to understand and create the specific components and indicators that will be measured
- Updating the PECS 2022/2023 questionnaire to reflect the results of these consultations
- Programming the multidimensional poverty modules into the Computer Assisted Personal Interviews (CAPI) system that will be used for data collection in the PECS
- Analyzing the quality of the multidimensional poverty data from the PECS pilot and making necessary adjustments
- Completing data collection on the MPI through the duration of the PECS
- Cleaning and analysis of the MPI data and producing a report on multidimensional poverty in the WB&G.

EXPECTED KEY ACHIEVEMENTS

- Report on the national and subnational distributions of multidimensional poverty in the WB&G
- Specific multidimensional module that may be released as part of the public dissemination of the PECS 2022/2023 data set
- Code library allowing for replication of results at the national and subnational levels
- TA to the National Statistical Office to build capacity to conduct similar analysis in the future and in surveys other than the PECS.

MOVING FORWARD

- Discussion and review with PCBS and sector experts in April/May 2022
- Programming of questionnaire into CAPI system in second half of May 2022
- Pilot and data collection to begin in June 2022
- Final report published and disseminated, TA finalized, and data set released in the second half of 2023.

4.3.2. Cross-Cutting Themes

West Bank and Gaza Social Inclusion and Citizen Engagement Programmatic ASA (P177796)	
Duration	2 years
Concept Approval Date	February 8, 2022
Activity Completion Date	March 29, 2024
Total Grant Financing	US\$185,000
Partnership for Infrastructure Development MDTF Grant Amount	US\$150,000
PURSE MDTF Grant Amount	US\$35,000
Status	Active

Objective: To provide strategic support for and strengthen the WB&G program’s approach on socially sustainable and inclusive development with a focus on vulnerable groups, gender and gender based violence (GBV), and citizen engagement and social accountability across various sectors.

BACKGROUND

Inclusion of all social groups is essential for ‘sustainable’ development in the WB&G where exclusion is heightened, particularly due to multiple cycles of violence, conflict, severe restrictions on the movement of people and goods, and continuing political challenges. Inclusion needs to be defined in terms of empowerment of all social groups to have voice and agency in the decisions related to their lives and their futures. The World Bank’s 2019 Strategy on Social Sustainability and Inclusion (SSI) notes that while extreme global poverty has steadily declined since 1999, the pace of reduction has slowed down and poverty rates will increase, notably with the COVID-19 crisis. Key challenges impeding poverty reduction include FCV, social and economic inequality and discrimination, the climate crisis and man-made disasters, and increasing socioeconomic disruptions. Structural challenges—which include increasing inequality in access to opportunities, declining social cohesion and increased conflict, and declining trust in authorities and state institutions—are eroding the social fabric across the WB&G, weakening social sustainability, and creating more poverty traps.

OPPORTUNITY

The West Bank and Gaza Social Inclusion and Citizen Engagement Programmatic ASA is a three-year programmatic ASA (FY22–24). The objective of the ASA is to provide support and strengthen the WB&G program’s approach on socially sustainable and inclusive development with a focus on vulnerable groups, gender and GBV, and citizen engagement and social accountability across various sectors. To strengthen the strategic approach on these issues, the ASA will consolidate and build on initiatives that are already under way and also explore

opportunities for collaboration beyond the infrastructure sectors (water, urban, and energy) where there are complementarities. The ASA will also contribute to strategic policy and regulatory reform by strengthening the dialogue, both with the PA and civil society organizations, on key SSI issues.

PROPOSED COMPONENTS

The ASA will have three pillars:

Pillar 1: Social Inclusion and Sustainability

- **Social inclusion.** The first component will focus on sharpening the understanding of issues of social inclusion and vulnerable groups (for example, persons with disabilities, youth, elderly, women-headed households, and people living in remote locations/access-restricted areas).
- **Social sustainability.** The second component will focus on strengthening social risk management and sustainability across PURSE MDTF and other select sector operations. This component will focus on (a) assessment and capacity building of select institutions for environmental and social risk management and implementation of the World Bank’s Environmental and Social Management Framework and (b) identification of opportunities for dialogue on policy reforms to strengthen social risk management.

Pillar 2: Gender and Gender-Based Violence (GBV)

- This pillar will (a) provide support to task teams and clients across various sectors for work on gender and gender tagging, (b) sharpen the understanding of the situation of GBV—particularly in areas such as harassment and violence in public and digital spaces—and analysis of norms and behaviors and so on, (c) identify potential areas and opportunities for a longer-term engagement and policy dialogue on GBV issues, (d) provide operational support to selected task teams in various sectors, and (e) support institutional capacity development of relevant institutions to address GBV issues.

Pillar 3: Citizen Engagement and Social Accountability

- This pillar will focus on issues of transparency, citizen participation, and social accountability by (a) conducting analytical work on citizen engagement and social accountability, (b) undertaking institutional capacity development for transparency and citizen engagement across various sectors, and (c) providing targeted support to select task teams to strengthen citizen engagement and meet corporate requirements.

MOVING FORWARD

The following activities are planned moving forward:

- Social Inclusion Assessment prepared by December 30, 2022
- Assessment of GBV in the WB&G finalized by January 31, 2023.



PURSE WORK PLAN

5

The activities introduced in this chapter are developed and proposed by the relevant sector teams within the scope of the PURSE's four pillars:

- (a) Macro-fiscal Stability and Public Financial Management,**
- (b) Human Capital Investment and Service Delivery,**
- (c) Private Sector Development and Job Generation, and**
- (d) Protection to the Poor and at-risk Population.**



5.1.1. Support to Macro-Fiscal Stability (Budget Support)

DPG12. WB&G: Supporting Transparency, Inclusiveness and the Green Economy (P177848)

Duration	1 year
Board Approval Date	June 7, 2022
Project Closing Date	December 29, 2023
Total Grant Financing	US\$30 million (Expected)
TFGWB Financing	US\$30 million
PURSE MDTF Grant Amount	To be updated
Status	Active

Objective: To (a) improve public resource management and support inclusiveness, and (b) strengthen governance in the water sector and accelerate the greening of the economy.

BACKGROUND

DPG12 is a stand-alone operation, *under preparation*, in the amount of US\$30 million. It is designed to support the PA in achieving selected strategic priorities envisaged in the NDP 2021–2023. The proposed operation includes two pillars: (a) improve public resource management and support inclusiveness and (b) strengthen governance in the water sector and accelerate the greening of the economy.

OPPORTUNITY

The first pillar of the operation will support reforms to institute e-GP by automating all steps of the procurement process including planning, tendering, contract monitoring, and eventually payment to increase the efficiency and transparency of the overall system. It will also support efforts to enhance inclusiveness through simplifying the requirements for financial inclusion accounts for the unbanked population and requesting line ministries to prepare gender-responsive budgets. The second Pillar will focus on the green economy through supporting the PA to implement recent amendments to the Environment Protection Law related to climate change. It will also support reforms to enhance governance and service provision in the water sector by creating RWUs.

EXPECTED KEY ACHIEVEMENTS

I. Improve public resource management and support inclusiveness

- An end-to-end e-GP system will be developed and implemented. It is expected that an initial set of eight agencies, whose share of total spending is 34 percent, will be pilot champions for e-GP implementation, including MoF-General Supplies Department, Ministry of Public Works and Housing-Central Tendering Department, MoH, MoE, Ministry of Telecommunications, Palestinian Water Authority, Palestinian Natural Resources and Energy Authority, and the Ministry of Local Government. The target is for these eight procuring entities to start executing procurement transactions through the e-GP system by end-2023.
- The number of active financial inclusion accounts (no-frills bank accounts providing the previously unbanked population with access to the financial system) will increase, with 10,080 new accounts opened by December 2023.

Now that the MoF has instructed all line ministries to prepare gender-responsive budgets, it is expected that two key line ministries—MoSD and MoE—will prepare gender-responsive budgets, which are informed by a gender impact appraisal, by December 2023.

II. Improve governance in the water sector and accelerate the greening of the economy

- The World Bank will support the establishment of RWUs to improve governance in the water sector and make service provision more efficient. It is expected that two RWUs will be established by December 2023: Tubas, in the West Bank, and Rafah, in Gaza.
- Steps will be taken to support the implementation of the recent amendments to the Environmental Protection Law which relate to climate change. An MRV system will be instituted at the Environment Quality Authority to track GHG emissions.

5.1.2. Public Financial Management

Public Financial Management Improvement (PFMI) Project Phase 2 (P177742)	
Duration	5 years
Board Approval Date	April 4, 2022
Expected Project Closing Date	April 30, 2027
Total Grant Financing	US\$8 million
TFGWB Financing	US\$8 million
PURSE MDTF Grant Amount	To be discussed
Status	Active

Objective: To improve public financial management, procurement management, and data use in the Palestinian Authority.

BACKGROUND

The PFMI Project Phase 2 will support developing and enhancing systems and building institutional capacity for improving budget expenditure management and control, improving financial accountability, enhancing revenue mobilization, and improving public procurement management. There will be two implementing agencies, the MoF and the Higher Council for Public Procurement Policies (HCPPP), but interventions will also include SAACB, the Palestinian Anti-Corruption Commission (PACC), and PCBS. Key outcomes will include, among others, improved budget execution, cash and debt planning, improved efficiency in revenue collection and public procurement, and enhanced reliance on administrative records for the production of statistics at the MoF.

OPPORTUNITY

The new project will support a number of PFM reforms including the following:

- (a) Improving Budget Expenditure Management and Control
 - (i) Improving Budget Expenditure Management, Financial Control, and Cash Planning
 - (ii) Enhancing the Transparency of Intergovernmental Transfers
 - (iii) Improving Service Delivery in Sectors
- (b) Improving Financial Accountability of the PFM System
 - (i) Enhancing IFMIS
 - (i) Improving Debt Management
 - (i) Aligning Accounting and Reporting with International Standards
 - (i) Strengthening the Capacity of PACC
- (c) Enhancing Revenue Mobilization and Administration
- (d) Improving Public Procurement Management
- (e) Closing Critical Data Gaps and Modernizing Statistics Production.

EXPECTED KEY ACHIEVEMENTS

The project will aim to achieve the following results in the five-year period:

- Enhanced predictability in budget execution with reliable and timely information on commitments
- Strengthened cash and debt management with improved cash and debt planning
- Improved efficiency of revenue collection
- Improved efficiency of procurement spending in specific sectors
- Enhanced reliance on administrative records for the production of statistics at the MoF.

The following intermediary results are also expected in the five-year project period:

- Budget Preparation, Budget Execution, and Cash Management
 - Expenditure and procurement plans are prepared, issued, and updated as a mandatory part of the budget preparation and implementation process.
 - Gender-responsive budgeting processes are applied in three pilot ministries with full rollout to all line ministries by the end of the project.
 - Budget execution is strengthened by linking financial allotments to credible expenditure and procurement plans.
 - Cash management procedures and the accuracy of cash flow forecasts are improved.
- Financial Control
 - Budget entities are categorized by risk level and control procedures customized by risk category.



- Financial Statements
 - Improved timeliness and quality of financial statements
 - ▶ No backlog
 - ▶ Government Finance Statistics (GFS) 2001 to GFS 2014
- Intergovernmental Transfers
 - On an annual basis, local government units (LGUs) receive information from the MoF on their annual transfers. This information is comprehensive and includes transport tax, property tax (if applicable), and any other tax collected on behalf of LGUs as well as any debt that may have accumulated against each LGU.
- Debt Management
 - Debt management policies and procedures should be documented and approved by the Minister of Finance and the Cabinet.
 - Debt management plan should be prepared on an annual basis, broken down by month and approved by the Cabinet. The debt management plan should be in line with a debt strategy which should be for a period of three years and approved by the Cabinet.
- Expenditures Arrears
 - Arrears should be monitored and reported monthly based on the enhanced commitments control system used in all budget entities. Arrears should include private sector arrears, pension fund, and medical referrals.

MOVING FORWARD

- The project should become effective by June 1, 2022.
- The same Project Management Unit (PMU) implementing PFMI Project Phase 1 will continue implementing Phase 2 with additional capacity as needed.
- A project launch event will be held the first week of July 2022.

5.2.1. Education

SERATAC - Supporting an Education Reform Agenda for Improving Teaching, Assessment and Career Pathways (P177299)

Duration	4.5 years
Board Approval Date	March 25, 2022
Project Closing Date	December 30, 2026
Total Grant Financing	US\$20 million
Status	Active

Objective: To improve teaching practices in primary grades and introduce effective career guidance for secondary school students.

SERATAC Implementation Support

Duration	Year 1 of SERATAC's implementation
PURSE MDTF Grant Amount	US\$200,000 (Expected)

Objective: To provide ongoing support to the Ministry of Education for the high-quality implementation of SERATAC.

BACKGROUND

In March 2022, the World Bank Board approved SERATAC—the first education MPA globally at the World Bank. SERATAC's eight-year horizon (2022–2030) aims to bring the political, technical, and implementation continuity required to sustain a long-term education agenda focused on student learning. SERATAC (which means your life journey in Arabic) includes three phases that address the most pressing education challenges in the WB&G. Phase I will, on the one hand, respond to medium-term needs resulting from missed learning due to the COVID-19 pandemic and the May 2021 conflict in Gaza, and on the other, lay the foundations for long-term reform of the system. Each phase will gradually and progressively contribute toward the Program Development Objective, which is to improve education outcomes of primary and secondary students and introduce new student pathways leading to tertiary education.

With Year 1 of Phase I laying the foundations for key reforms and interventions that will be rolled out by SERATAC in the next eight years, the MoE has requested that the World Bank play a critical role in providing just-in-time, tailored, and agile TA and policy advice on capacity-building activities. Providing this level of implementation support to the MoE will require significantly more resources than the current supervision budget allocated for SERATAC.

OPPORTUNITY

The strong momentum and ownership of SERATAC by the MoE and the ministry's direct request for tailored and hands-on implementation support provide a unique opportunity for PURSE donors to help set SERATAC up for success. Specifically, high-quality implementation support opens a window of opportunity to tackle three critical areas in the Palestinian education system.

First, it provides an opportunity to reform the Tawjihi system.⁴ Under Component 3, SERATAC aims to support the MoE in addressing the high-stakes nature of the exam and improving the quality of the exam to broaden the skills assessed by the Tawjihi to include more higher-order thinking skills, such as application and reasoning, and fewer recall and knowledge-based questions.

Second, it will enable the use of student learning data for policy making. Under Component 3, SERATAC will support the participation of the WB&G in several cycles of international student assessments, including Programme for International Student Assessment (PISA) and Trends in International Mathematics and Science Study (TIMSS). It will further promote the public reporting of results to strengthen transparency and accountability in the Palestinian education system.

Third, it will enable the gradual introduction of adaptive learning in the education system. To respond to the heterogeneity in students' learning levels exacerbated by COVID-19, under its second component, SERATAC will support the MoE to introduce an adaptive learning program in Grade 5 mathematics. This program will aim to support teachers in their ability to provide differentiated instruction—the ability to recognize where students are in their learning, identify what they need to continue learning at their level, and provide such tailored instruction to meet all learners' needs.

PROPOSED COMPONENTS

Upon discussions with the MoE, three thematic areas have been prioritized for more intensive implementation support and have thus been included under this proposal:

- **Implementation Support Area 1 - Reform of the Tawjihi System.** Under this area, ongoing implementation support will be provided to build the MoE's capacity to
 - Design and oversee the implementation of a secondary school certificate (and a Grade Point Average [GPA]) that relies on school-based assessments and that is not dependent on the Tawjihi and
 - Enhance and recognize student skill development through school assessment reforms including on the Tawjihi.

4 Tawjihi or Al-Tawjeehi (امتحان شهادة الدراسة الثانوية العامة) is the General Secondary Education Certificate Examination in Jordan and in the WB&G. It is the last stage of school education.

- **Implementation Support Area 2 - Use of PISA data to inform policy and strengthen transparency.** Upon release of the PISA 2022 data, technical support will be provided to build the MoE's capacity to
 - Analyze student learning outcomes in science, mathematics, and language, identifying student-, family-, teacher-, school-, and system-level factors that are associated with better student outcomes;
 - Formulate relevant and actionable policy recommendations, informed by the PISA analysis; and
 - Develop policy briefs to disseminate findings from the analysis to the wider public and promote transparency in the education sector.
- **Implementation Support Area 3 - Adaptive learning.** Under this area, policy advice will be provided to strengthen the MoE's ability to
 - Design an adaptive learning program that leverages high- and low-tech solutions and
 - Develop and embed a nimble monitoring and evaluation strategy into the adaptive learning program, to monitor its implementation.

EXPECTED KEY ACHIEVEMENTS

- Just-in-time TA throughout Year 1 of SERATAC's implementation
- A series of tailored capacity-building workshops and consultations
- Capacity of the MoE strengthened on the abovementioned areas.

MOVING FORWARD

The World Bank Education team is ready to start the proposed implementation support as soon as the financing is approved.

5.2.2. Health

Strengthening Health System Resilience to Improve Access to Quality Health Care Services	
Duration	3 years
Board Approval Date	FY24 (Planned)
Expected Project Closing Date	FY26 (Planned)
Total Grant Financing	US\$10 million (Proposed)
PURSE MDTF Grant Amount	US\$10 million (Proposed)
Status	Under preparation

Objective: The proposed project aims to improve the resilience and sustainability of the Palestinian health system through focusing on two important domains: (a) support the scale up of implementation of family medicine and (b) rationalize medical care by strengthening delivery of hospital care services.

BACKGROUND

The COVID-19 pandemic has inflicted a significant shock on the already fragile Palestinian health system, coupled with conflict and fiscal constraints. COVID-19 continues to pose a high risk of morbidity and mortality, not only through its direct effects but also through the indirect effects on the burden imposed on the health system. Almost 500,000 total cases and almost 5,000 total deaths have been recorded in the WB&G since the beginning of the pandemic. Given the conflict in May 2021 as well as its already weak health system capacity, the impact has been more pronounced in Gaza. With the risk of spread of the more contagious Omicron variant as well as the slow pace of vaccination,⁵ it is clear that the pandemic will continue to have direct and indirect impacts on the health system, especially with significant disruptions to routine health service delivery, such as for maternal, newborn, and child health as well as for noncommunicable diseases (NCDs).

Chronic financial sustainability issues experienced by the Palestinian health system are expected to continue. COVID-19 resulted in a financial burden of an additional NIS 95 million on an already indebted health sector. The latest figures show an overall funding gap of almost NIS 393 million (approximately US\$127 million) in the public health sector budget, which includes a funding gap of NIS 80 million (approximately US\$26 million) to cover the COVID-19 response. These gaps have been exacerbated by the conflict in Gaza, which has resulted in an additional US\$40 million of resource needs for the next two years. While lack of funding is a significant constraint, there is also significant room for improving efficiencies in the health sector. Approximately half of non-salary expenditures are targeted toward expensive OMRs, in which patients are referred to private health facilities due to the unavailability of services in public facilities. The overreliance on OMRs is attributed to a weak primary health system and low levels of expenditures on preventive health interventions.

5 As of mid-December 2021, about 40 percent of the population has received at least one dose of a vaccine and about 30 percent has been fully vaccinated. The PA aims to reach 60 percent coverage by end of the year, a target which likely will not be reached until mid-2022 even as sufficient doses have been secured.

To mitigate these issues, the WB&G has launched a comprehensive National Health Strategy for 2021–2023. The strategy focuses on strengthening NCD management by improving the public health facility infrastructure, which would reduce dependence on costly OMRs; improving the availability of human resources; strengthening quality of care; launching a family medicine system; and strengthening governance arrangements.

The World Bank has an active engagement in the health sector in the WB&G, but the engagement is constrained by limited resources. The World Bank team has a close relationship with the MoH, and there are currently two active financing engagements, focusing on improving the resiliency of the health system and responding to COVID-19. These financing engagements have been complemented by technical engagement, including a detailed assessment of OMR that was completed in the last fiscal year and a pandemic preparedness and resilience assessment that will be completed this fiscal year. While various DPs are engaged in the sector, most of them focus on disease- or program-specific interventions or on addressing humanitarian needs with very limited engagement on strengthening the health system. Therefore, financial and technical assistance provided by the World Bank plays a key and unique role in ensuring service availability in the WB&G and health sector reforms. Moving forward, the World Bank health team is seeking to implement a three-phase approach, focusing on public health preparedness, family medicine reform, and strengthened financing and governance in the sector.

OPPORTUNITY

The World Bank Health, Nutrition and Population (HNP) team is seeking resources for a three-year grant to help address the challenges outlined above. The proposed project, Strengthening Health System Resilience to Improve Access to Quality Health Care Services, will strengthen the resilience of the health system and improve access to and quality of health care services. It will achieve this by supporting two important areas of work, which are current policy priorities for the MoH: (a) scaling up of the implementation of family medicine and (b) strengthening public hospital services to reduce reliance on OMR. Although there are a wide range of other policy priorities for the MoH, these areas have been identified as they directly build on the past work and current expertise of the World Bank team. Additionally, the two areas of work complement each other and are important elements for the WB&G to achieve its goal of Universal Health Coverage (UHC) for all Palestinians.

The project's first area of work, scaling up the implementation of family medicine, will strengthen the health system and imply a reorganization of service delivery, improving health outcomes and contributing to reduced health expenditures. The family medicine approach is defined as health care services provided by family physicians within a multidisciplinary health team, and it is characterized by comprehensive, continuous, cooperative, and personal services for the family. In this system, family medicine units (or centers) serve as the entry point for patients into the health system, and every household is assigned (empaneled) to a family medicine unit. This unit assumes responsibility for referring the individual to hospitals as needed, coordinates care through the use of a patient-level electronic medical records system, and proactively follows up with patients to strengthen prevention and implement cost-effective

interventions for NCD management, such as ensuring adherence to medication and regular monitoring as needed. The implementation of family medicine will also contribute to reduced health expenditures: a strengthened primary care system organized around family medicine has the potential to reduce costly hospital visits, including reducing reliance on OMR, as more cases will be managed at the primary care level. While there are small-scale pilots of family medicine within the WB&G—largely implemented by the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)—scaling up this approach will require considerable changes in financing, physical resources, human resources, infrastructure, and governance. This reform is proposed as a strategic priority within the National Health Strategy; the proposed financing of approximately US\$4.5 million will prove vital in complementing other partner efforts and provide a much-needed push to scale up family medicine beyond the small-scale pilots, financing important interventions to strengthen physical and human resource inputs as well as information systems.

The second area of work under the project, strengthened PA's hospital services in the WB&G, will reduce reliance on OMR, improving the quality and efficiency of health services. As detailed in the recent comprehensive quantitative and qualitative analysis conducted by the World Bank, OMR expenditures remain high and have relatively low value for money due to limited price controls, limited medical equipment and human resource capacity at public health facilities, and governance constraints. Reducing the overreliance on OMR will be possible through strengthening public hospitals through investments which ensure key emergency and chronic disease interventions can be delivered reliably in these facilities. This has the potential to ensure the sustainability of health expenditures through lower-cost services delivered in public hospitals as well as improve access to timely and high-quality care.

PROPOSED COMPONENTS

The proposed activities for each of the components are included below. While they have been discussed at a high level with the PA and are well-aligned with the aforementioned National Health Strategy, detailed activities within each of the components are subject to change based on client demand.

- **Component 1 (US\$4.5 million): Scaling up the implementation of family medicine.** This activity will finance interventions to strengthen physical and human resource inputs as well as information systems associated with scaling up family medicine. Currently, family medicine is implemented as small-scale pilots in various districts, and this component will scale up these pilots to more districts subject to AF. Analytical support proposed for the next two years will ensure the finalization of a family medicine operationalization road map, and the investments under this project will seek to finance interventions that will be included in this road map, namely rehabilitation and expansion of primary health centers, financing of key clinical inputs such as medical equipment and drugs, expansion of pre- and in-service training capacity for key cadres for family medicine, and hardware and software associated with the launch and scale-up of an information system.

- **Component 2: Strengthening hospital services (US\$5.5 million).** Building on past analytical work as well as work implemented under the current World Bank Health System Resiliency Strengthening Project (HSRSP), this activity will seek to strengthen the capacity of public hospitals to better manage emergency and chronic conditions. Specifically, this activity will provide target hospitals with the required infrastructure, drugs, medical equipment, human resources, and information systems needed for providing specialized care. The strengthening of public hospital services will result in lower morbidity and mortality, as well as reduced OMR expenditures given the lower unit costs of services at public facilities. All the activities under this component will be aligned with the ‘Hospital Master Plan’ developed by the MoH with the support of the WHO and other partners, as well as the OMR nationalization plan which will be supported by the World Bank under proposed analytical work.

The proposed components and activities will be implemented by the PMU of the MoH in close collaboration with line departments and health facilities and in consultation with technical agencies like the WHO, United Nations Children’s Fund (UNICEF), UNRWA, and other partners. Additionally, the proposed project will also complement ongoing initiatives supported by other partners in the delivery of primary health care and hospital services.

KEY ACHIEVEMENTS

The financing support is expected to result in the following outputs and outcomes:

- Scale-up of family medicine, with a significant proportion (to be confirmed) of population empaneled
- Improved health service utilization at the primary care level through family medicine
- Improvements in coverage rates of NCD interventions
- Increased number of hospitals (to be confirmed) providing specialized care for NCD and other priority diseases
- Reductions in OMR expenditures.

MOVING FORWARD

To support these critical initiatives for strengthening the resilience of the Palestinian health system, the World Bank HNP team is seeking resources from the PURSE MDTF for a three-year grant.

5.3.1. Financial Sector

FINANCE FOR JOBS (F4J) III	
Duration	6 years
Board Approval Date	FY24 (Planned)
Total Grant Financing	US\$15 million (Proposed)
PURSE MDTF Grant Amount	US\$15 million (Proposed)
Status	Under preparation

Objective: To test the effectiveness of selected financial interventions in incentivizing private sector investment and job creation.

BACKGROUND

The situation regarding private sector investment and job creation in the WB&G is challenging. Private sector firms and workers, especially startups, small and medium enterprises (SMEs), women, and youth, have experienced the economic brunt of the COVID-19 pandemic. Following three consecutive years of economic growth below 2 percent and despite a short recovery during 2021, an already fragile private sector and workforce are currently facing triple crises that reinforce each other: (a) repeated waves of COVID-19 outbreaks, (b) a severe economic slowdown, and (c) deteriorating political stability.

In this context, the new F4J III project will build on the successful experience of two projects: F4J I, which was recently closed, and F4J II, which is ongoing. The F4J II project, approved by the Board in July 2017 and declared effective in November 2017, is part of the Finance for Jobs Series of Projects (F4J SoP), jointly with F4J I (P151089 - Board Approval, December 2015). F4J II is financed by a grant of US\$8 million from the TFGWB and US\$1.5 million from the State and Peacebuilding Fund (US\$9.5 million total). In 2018, F4J II received AF (P167675) from the TFGWB for an amount of US\$5 million (Board approval, August 2018). An additional COVID-19-related AF (P175414) to the amount of US\$10 million was approved in March 2020. The F4J SoP provides support through early stage financing for startups (Eco-system Matching Grants [EE-MG]), investment co-financing facility (ICF) for medium-size private investments, and a skills-focused Development Impact Bond (DIB).

The EE-MG provides grants to startups through existing Palestinian investment funds. The goal is to improve the number and quality of investment-ready entrepreneurship initiatives by enhancing the capacity of enterprises to absorb funding from investment vehicles already in place.

The ICF is a risk-sharing grant facility that provides co-financing to commercially viable and job-creating private sector investments that would otherwise not proceed due to the risk and context of FCV. It is playing a vital role in the post-COVID recovery of the WB&G and has successfully achieved social impact while addressing market failures—with a positive social rate of return and job creation and capital mobilization that would not have happened in the absence of the program.

The DIB is a type of results-based financing in which private investors provide up-front capital to fund an intervention that is later repaid by the ‘Outcome Funder’ if certain predetermined results are achieved, with the goal of delivering better results due to flexibility, strong performance management, and data-driven decision-making.

The overall objective of the F4J SoP is to test the effectiveness of these instruments in targeting youth unemployment through innovative mechanisms, gain citizen trust through the promotion of social and economic inclusion, and create private sector-led jobs. Realization of this objective will contribute to 3,500 jobs created and US\$43 million in private capital mobilized to help the reconstruction and recovery in the WB&G and help reduce the overall high unemployment rate. The main beneficiaries of F4J are micro, small, and medium enterprises (MSMEs), youth, and startups.

OPPORTUNITY

The F4J SoP is well placed to respond to the challenges outlined above, through this new proposed project (F4J III). There are considerable opportunities for scale-up because the F4J SoP is deliberately designed to pilot new approaches, generate lessons learned, and scale up the instruments that deliver results. Its financial instruments are highly adaptable to changing environments and able to address new challenges. The new project will be further adapted to meet evolving needs and complement the ongoing PA's measures to support struggling businesses and individuals.

If funding is secured, the F4J III project will use the DIB to support youth whose employment prospects are affected because of the changing work environment. It will also provide assistance to businesses, helping them to adjust and expand operations in a post-COVID-19 reality.

F4J III will also fund an expansion of the ICF project. The ICF project pipeline continues to grow and now exceeds the financing currently available to it. Thirty-two new eligible projects have been pre-assessed and found to demonstrate high or medium potential for the next round of funding, but the current budget can support no more than ten to fifteen additional projects. Estimates suggest that funding all 32 projects could mobilize an additional US\$97 million in capital—with demand for support estimated at 20 percent (about US\$20 million) of this value—and create more than 2,950 new jobs. Additional projects also demonstrate promise for future funding rounds, following TA to upgrade business plans and operating models.

KEY ACHIEVEMENTS

The existing projects, F4J I and F4J II, have already recorded considerable achievements. To date, the investment deals signed under the ICF, and DIB have mobilized US\$36.7 million in private capital, including a solar energy investment in Gaza that is supported jointly by the World Bank, International Finance Corporation (IFC), and Multilateral Investment Guarantee Agency (MIGA).

- The investment deals under the ICF have contributed to creating 426 direct and indirect jobs.
- A total of 7 investments are being supported (4 disbursed and 3 committed) in the amount of US\$6.4 million in grants across several sectors of the Palestinian economy.

The project launched one of the World Bank's first DIBs, initially targeting support to critical sectors such as health and education to respond to COVID-19.

- 815 young people have been accepted into the DIB program, 44 percent of whom are women.
- 586 individuals have already completed the training, and 296 have started their new jobs.
- US\$3.2 million have been claimed by investors out of the US\$5.75 million that may be ultimately generated from the DIB during its duration through October 2023.

MOVING FORWARD

The proposed new project, F4J III, would expand on these achievements. Upcoming priorities include the following:

- **DIB upscaling.** With the advent of COVID-19, the DIB has already proven quite effective, adjusting to the pandemic environment quickly. Nevertheless, the challenges posed by COVID-19 require an increase in funding. The team is now monitoring the implementation of the tool; if it continues to be successful, an increase in funding will be needed to deliver target training to youth and jumpstart youth employment in a post-COVID recovery.
- **ICF projects.** This ICF financing is supporting job-creating investments in enterprises that have been affected by the tightening of credit conditions and the liquidity crunch brought on by COVID-19. The longer the pandemic lasts, the more firms will require support and additional funding will be needed. Currently, there are 127 applications pending review by the investment committee.
- **Impact assessment.** Since the overall goal of the activity is to support innovative financing instruments, the impact of the tools used must be assessed accordingly, to ensure that they deliver results and can be scaled up by the World Bank Group (WBG) globally if viable.

ADDITIONAL INFORMATION

To access all project information, including PADs, ICRs, and ISRs, refer to the following links:

<https://projects.worldbank.org/en/projects-operations/project-detail/P159337>

<https://projects.worldbank.org/en/projects-operations/project-detail/P167675>

<https://projects.worldbank.org/en/projects-operations/project-detail/P175414>.

5.3.2. Private Sector

Technology for Youth and Jobs (TechStart) project (P172571)		
Duration	5 years	
Board Approval Date	June 12, 2020	
Project Closing Date	October 30, 2025	
Total Grant Financing	Around US\$25.3 million (Expected)	
TFGWB Financing	US\$15 million	Approval: May 28, 2020
PURSE MDTF Grant Amount	US\$6.2 million	
Middle East and North Africa MDTF	US\$4.1 million	
Status	Active	

Objective: To increase economic opportunities for IT service firms in the West Bank and Gaza.

BACKGROUND

The project aims to shift the dynamic equilibrium of the Palestinian information technology (IT) sector toward one of continuous upgrading of firm capabilities and employment growth and stimulating the absorption of high-tech knowledge in the ecosystem.

IT services hold the promise to play a role in diversifying the Palestinian economy, creating resilient jobs, increasing productivity, and strengthening the public sector. Investing in digital technologies, including IT, can have considerable benefits for an economy outside of immediate job creation in the IT sector. This sector can have spillover effects on other sectors by increasing the use of digital technologies, increasing working productivity, and creating jobs. A strong local IT sector can also help the PA become more capable and responsive through digital technologies.

OPPORTUNITY

This project is designed to tackle, in a consistent manner, the growth challenges of the IT services sector and to improve the competitiveness of Palestinian firms, by deploying innovative tools:

- (a) **COVID-19.** Allocating US\$1.5 million to support IT services companies to deal with the impact of the COVID-19 crisis
- (b) **Youth skills.** Upgrading the skills of graduates by supporting on-the-job training in niche/high-value-added technologies to ensure transfer of high-tech knowledge

- (c) **Women in IT.** Developing policy reforms and increasing the support needed to attract women to the IT sector, including in leadership positions
- (d) **Firm capabilities.** Improving the organizational and managerial capabilities and upgrading the IT infrastructure of Palestinian firms to allow them to compete globally and create additional jobs
- (e) **Digital entrepreneurship.** Supporting entrepreneurs to establish new tech companies through seed capital
- (f) **Research and development (R&D) hub.** Establishing, in partnership with the private sector, one or two R&D hubs with a sustainable business model by providing high-end/sophisticated equipment to allow startups, academia, and the private sector to do research and develop products based on market demand
- (g) **Supporting business links** and partnerships with international companies to increase demand for Palestinian companies' services, including attracting FDI to the IT services sector.

EXAMPLES OF PROJECT KEY RESULTS TO BE ACHIEVED

- One thousand high-skilled tech direct jobs (50% of which are held by women) created by Palestinian companies
- Seven hundred and fifty young people (50% of whom are women) benefiting from on-the-job training activities in niche technologies
- US\$30 million in new contracts signed between Palestinian firms and international companies
- Thirty international companies signing new contracts with Palestinian IT service firms
- US\$7 million in private sector capital mobilized and FDI attracted.

ADDITIONAL INFORMATION

To access all project information, including PADs, ICRs, and ISRs, refer to the following link:
<https://documents1.worldbank.org/curated/en/646761592256597274/pdf/West-Bank-and-Gaza-Technology-for-Youth-and-Jobs-Project.pdf>.

5.4.1. Pillar I. Macro-Fiscal Stability and Public Financial Management

Fiscal Incidence Analysis to Simulate the Welfare Effects of Possible Changes to Fiscal Policy

Duration	1 year
Concept Approval Date	To be determined
Expected Activity Completion Date	June 30, 2023
Total Grant Financing	US\$25,000 (Expected)
PURSE MDTF Grant Amount	US\$25,000 (Expected)
Status	Under preparation

Objective: To update the existing fiscal incidence model to simulate the effect of potential reforms of the PA's spending and revenue programs.

BACKGROUND

The World Bank's Poverty and Equity team has been working on a comprehensive fiscal incidence analysis using the model developed in the Commitment to Equity (CEQ) institute. A comprehensive data set covering all revenue collection and public expenditure of the PA has been merged with household-level survey data (PECS 2017) as part of the ongoing fiscal incidence analysis being conducted by the World Bank's poverty and equity team. This includes direct taxes (personal income tax, property tax, payroll tax), indirect taxes (VAT, customs, excise tax, purchase tax), and public expenditure (education, health, social protection, indirect subsidies). This model can be extended to consider potential reform scenarios and provide credible evidence to support decision-making for these reforms.

OPPORTUNITY

Through initial discussions with the PA counterparts, the team has identified some priority areas of fiscal reform that could address the increasing pressure on the PA's budget and the need for more equitable and progressive spending. These potential reform scenarios include, but are not limited to, (a) expanding the number of municipalities paying property tax, (b) expanding the tax base for personal income tax, and (c) increasing the number of tax brackets. As the modelling for current fiscal spending and revenue has been developed, there is an opportunity to simulate the distributional effect of these reforms. For example, the analysis could estimate the effect of an increase in the personal income tax base by 10 percent, 20 percent, and 30 percent and recommend the most equitable scenario.

PROPOSED COMPONENTS

- Consultation with World Bank sector experts and PA counterparts to understand priority areas for reform and the parameters that could change
- Modelling the reform scenarios
- Presenting results of reform scenarios to relevant stakeholders
- Final adjustment of the modelling and reporting of the results.

EXPECTED KEY ACHIEVEMENTS

- Report on the welfare impacts of fiscal reforms in the WB&G
- Code library allowing for replication of results
- TA to the National Statistical Office to build capacity to conduct similar analysis in the future.

MOVING FORWARD

- Concept note review meeting in Q2 of 2022
- Activities commence in Q3 of 2022
- Final report published and disseminated and training delivered by June 30, 2023.

Bringing a Gender Lens to the Impact of Fiscal Policy and Social Programs

Duration	1 year
Concept Approval Date	To be determined
Expected Activity Completion Date	June 30, 2023
Total Grant Financing	US\$50,000 (Proposed)
PURSE MDTF Grant Amount	US\$50,000 (Proposed)
Status	Under preparation

Objective: To better understand how fiscal policy impacts differ across gender in the WB&G at the household and individual levels.

BACKGROUND

The World Bank's Poverty and Equity team has been working on a comprehensive fiscal incidence analysis using the model developed in the CEQ institute. While there is a growing body of evidence around how revenue collection and public spending have an impact on welfare overall, there is very little evidence about how this impact differs between genders. This activity will seek to build on the overall fiscal incidence analysis by bringing a gender lens to fiscal policy. This involves analyzing how fiscal policies have an impact on women and girls at both the household and individual levels. Examples of the kinds of questions that can be explored with this analysis include the following: How does the current pension system affect women compared to men? In sectors that employ most women, what is the impact of subsidies? How equal are the allocations of health care transfers?

OPPORTUNITY

A comprehensive data set covering all revenue collection and public expenditure of the PA has been merged with household-level survey data (PECS 2017) as part of the ongoing fiscal incidence analysis being conducted by the World Bank's Poverty and Equity team. This includes direct taxes (personal income tax, property tax, payroll tax), indirect taxes (VAT, customs, excise tax, purchase tax), and public expenditure (education, health, social protection, indirect subsidies). This activity is an opportunity to leverage this data set to better understand how revenue collection and public expenditure affect women compared to men, how progressive or regressive this is in different areas, and what policy changes may be proposed to address key gaps or particularly regressive areas.

PROPOSED COMPONENTS

The activity will bring a gender lens to each component of revenue collection and public expenditure by analyzing how different the impacts are between genders at the individual and household levels. The expected outputs are a fiscal incidence gender report, a code library to allow for easy replication of the results, and training for the National Statistical Office on how to conduct this kind of analysis in the future.

EXPECTED KEY ACHIEVEMENTS

- Comprehensive data set with linked administrative and household/individual-level data that is decomposable by gender
- Report on the welfare impacts of fiscal policies between genders in the WB&G
- Code library allowing for replication of results
- TA to the National Statistical Office to build capacity to conduct similar analysis in the future.

MOVING FORWARD

- Concept note review meeting in Q2 of 2022
- Activities commence in Q3 of 2022
- Final report published and disseminated and training delivered by June 30, 2023.

Building a Geospatial Portal for Improving Targeting and Understanding Multidimensional Poverty in the WB&G

Duration	1 year
Concept Approval Date	To be determined
Expected Activity Completion Date	To be determined
Total Grant Financing	US\$65,000 (Proposed)
PURSE MDTF Grant Amount	US\$65,000 (Proposed)
Status	Under preparation

Objective: To build a web-based geospatial tool to help inform the spatial targeting of projects/interventions, and better understand geospatial disparities in the WB&G.

BACKGROUND

Multiple constraints affect the lives and livelihoods of Palestinians. These constraints are often overlapping and are highly correlated. It is important to understand the spatial relationships between these constraints and how they interact. This will allow for improved geographical targeting of interventions. The activity seeks to build a web-based geospatial portal that will help answer some important questions: (a) How well is the portfolio of projects and interventions in the WB&G targeted to areas with the greatest need and impact potential? and (b) What are some of the ways that targeting can be adjusted to inform interventions going forward?

A web-based geospatial data portal will be built, updated, and maintained. This portal will contain a large repository of geospatial data in the WB&G, disaggregated at the locality level. The aim is that once this portal has been developed, it will then be hosted and maintained by PCBS. The tool is intended to be used as a complement to the geographic targeting methods that are employed in many projects. Teams will be able to compare potential project site locations against a large set of indicators that are finely disaggregated. These could include, for example, measures of monetary poverty, multidimensional poverty, proximity to conflict events, labor market conditions, access to services, and the presence of existing projects being implemented by the World Bank and/or by the donor community.

OPPORTUNITY

This activity represents an opportunity to improve the geographical targeting of interventions in the WB&G. Project teams will be able to use the geospatial data repository to better understand which indicators should be prioritized in different localities and how these indicators interact. A tool such as this is well suited to mapping existing (and changing) multidimensional poverty, making it a useful resource as, for example, targeting of CTPs to move from a PMT-centric approach to focusing on addressing multidimensional poverty directly.

PROPOSED COMPONENTS

The first component is the creation of a geospatial database that is harmonized at the locality level in the WB&G. This data set will be used to create the second component, which is an online geospatial data portal in which users can easily map different indicators across localities, investigate how these indicators interact, and build a targeting index that can be used to inform the targeting of interventions. The third component is a metadata document that details the source of each indicator, any changes made to the data underlying the indicator, and the distribution of that indicator across localities. The portal will be built in R-Shiny, meaning that there is no cost for the software behind the portal, and ownership can be transferred seamlessly to the National Statistical Office for maintenance and updating.

EXPECTED KEY ACHIEVEMENTS

- Harmonized geospatial data set at the locality level covering indicators such as socioeconomic status, monetary poverty, multidimensional poverty, proximity to conflict events, labor market conditions, access to services, and the presence of existing projects being implemented by the World Bank and/or by the donor community
- Web-based interactive geospatial portal allowing users to map and download indicators, combined indexes, and maps
- Metadata document
- Transfer of ownership of the portal to PCBS.

MOVING FORWARD

- Collection and harmonization of data in Q3 and Q4 of 2022
- Online platform built and refined in Q4 of 2022 and Q1 of 2023
- Training on use of the platform and maintenance/update delivered to PCBS in Q2 of 2023
- Transfer of ownership of the platform to PCBS in Q4 of 2023.

Closing the Funding Gap for the Palestinian Expenditure and Consumption Survey (PECS) 2022/2023

Duration	1 year
Concept Approval Date	To be determined
Expected Activity Completion Date	To be determined
Total Grant Financing	US\$200,000 (Proposed)
PURSE MDTF Grant Amount	US\$200,000 (Proposed)
Status	Under preparation

Objective: To ensure the full implementation of the 2022/2023 PECS.

BACKGROUND

The PECS is a crucial nationally representative survey covering the Palestinian population in the WB&G and is the core survey for measuring welfare, poverty, socioeconomic, and demographic characteristics of households. Data from the PECSs also feed into the production of the national accounts and the Palestinian CPI and inform policy makers about access to and use of basic services. The last PECS concluded in 2017, and the planned PECS for 2022/2023 will provide a much-needed update.

Much of the preparatory work for conducting the PECS between June 2022 and May 2023 has been completed. However, there is still a budget shortfall. The total estimated budget for the survey is US\$1.2 million. Funding has so far been secured from the PA (US\$500,000) and from other parties including the donor community (US\$500,000). This leaves a remaining budget shortfall of US\$200,000 that would need to be filled for the survey to take place.

OPPORTUNITY

Ensuring that the PECS runs successfully in 2022/2023 is crucial. There has not been a national survey of this scale since the last PECS in 2017. The successful completion of the PECS 2022/2023 will allow for an updated understanding of living conditions, gender inequalities, access to services, coping strategies, and multidimensional poverty in the WB&G. In addition, it will provide new data for updating national price indexes used for measuring inflation and other estimates that feed into the national accounts.

PROPOSED COMPONENTS

Key components include finalized sampling procedures for the survey; consultations and finalization of questionnaire design; programming of the questionnaire; training of enumerators; implementation of the survey; harmonized data quality control over the 12-month duration of the PECS; and cleaning, harmonization, and publication of final survey data sets.

EXPECTED KEY ACHIEVEMENTS

- Implementation of the PECS covering a target of 7,032 households in 586 enumeration areas over a period of 12 months
- High-quality data that are representative for national, urban, rural, and refugee populations and are comparable to the PECS 2017 so that trends can be analyzed
- Publication and dissemination of final data set and report by PCBS.

MOVING FORWARD

The following activities are planned moving forward:

- Sample selection finalized by March 31, 2022
 - This has been finalized with TA provided by the World Bank.
- Questionnaire finalized and programmed by May 12, 2022
 - This activity is ongoing but not yet finalized because of the delay to the survey.
- Enumerator training completed by May 26, 2022
 - This activity has been delayed and will be completed in September 2022 with a view to collecting data starting in October.
- Data collection tools including maps finalized by May 31, 2022
 - Maps have been finalized, but data collection tools (including programming the questionnaire into tablets for CAPI-based data collection) have been delayed for the reasons mentioned.
- Data collected from respondents between June 1, 2022, and May 31, 2023
- Data processed and cleaned, and post-enumeration work completed by September 7, 2023
- Report on data quality finalized and prepared by September 28, 2023
- Dissemination of public data set and final report by December 31, 2023.

5.4.2. Pillar II. Human Capital Investment and Service Delivery

Redesigning Health Service Delivery to Improve Resilience and Sustainability	
Duration	2 year
Concept Approval Date	FY23 (Planned)
Activity Completion Date	FY25 (Planned)
Total Grant Financing	US\$300,000 (Proposed)
PURSE MDTF Grant Amount	US\$300,000 (Proposed)
Status	Under preparation

Objective: The proposed TA engagement would seek to improve the resilience and sustainability of the Palestinian health system through producing relevant analytics across two domains: (a) supporting the reorganization of the health system and the implementation of family medicine and (b) improving the sustainability of health expenditures.

BACKGROUND

The COVID-19 pandemic has inflicted a significant shock on the already fragile Palestinian health system, coupled with conflict and fiscal constraints. COVID-19 continues to pose a high risk of morbidity and mortality, not only through its direct effects but also through the indirect effects of the burden imposed on the health system. Almost 500,000 total cases and almost 5,000 total deaths have been recorded in the WB&G since the beginning of the pandemic. Given the conflict in May 2021 as well as the already weak health system capacity, the impact has been more pronounced in Gaza. With the risk of spread of the more contagious Omicron variant as well as the slow pace of vaccination, it is clear that the pandemic will continue to have direct and indirect impacts on the health system, especially through significant disruptions to routine health service delivery, such as for maternal, newborn, and child health as well as for NCDs.

Chronic financial sustainability issues experienced by the Palestinian health system are expected to continue. COVID-19 resulted in a financial burden of an additional NIS 95 million on an already indebted health sector. The latest figures show an overall funding gap of almost NIS 393 million (approximately US\$127 million) in the public health sector budget, which includes a funding gap of NIS 80 million (approximately US\$26 million) to cover the COVID-19 response. These gaps have been exacerbated by the conflict in Gaza, which has resulted in an additional US\$40 million of resource needs for the next two years. While lack of funding is a significant constraint, there is also significant room for improving efficiencies in the health sector. About half of non-salary expenditures are targeted toward expensive OMRs, in which patients are referred to private health facilities due to the unavailability of services in public facilities. The overreliance on OMR is attributed to a weak primary health system and low levels of expenditures on preventive health interventions.

To mitigate these issues, the WB&G has launched a comprehensive National Health Strategy for 2021–2023. The strategy focuses on strengthening NCD management through a focus on improving the public health facility infrastructure, which would reduce dependence on costly OMR; improving the availability of human resources; strengthening quality of care; launching a family medicine system; and strengthening governance arrangements.

The World Bank has an active engagement in the health sector in the WB&G, but the engagement is constrained by limited resources. The World Bank team has a close relationship with the MoH, and there are currently two active financing engagements, focusing on improving the resiliency of the health system and responding to COVID-19. These financing engagements have been complemented by technical engagement, including a detailed assessment of OMR that was completed in the last fiscal year and a pandemic preparedness and resilience assessment that will be completed this fiscal year. While various DPs are engaged in the sector, most of them focus on disease- or program-specific interventions or on addressing humanitarian needs with very limited engagement on strengthening the health system. Therefore, financial and technical assistance provided by the World Bank plays a key and unique role in ensuring service availability in the WB&G and health sector reforms. Moving forward, the World Bank health team is seeking to implement a three-phase approach, focusing on public health preparedness, family medicine reform, and strengthened financing and governance in the sector.

OPPORTUNITY

The proposed TA engagement would seek to improve the resilience and sustainability of the Palestinian health system. It would do so through producing relevant analytics across two domains which are current policy priorities for the MoH: (a) supporting the reorganization of the health system and the implementation of family medicine and (b) improving the sustainability of health expenditures. Even though there are a wide range of other policy priorities for the MoH, such as human resources for health and governance, these areas have been identified as they directly build on the past work and current expertise of the World Bank team.

Implementing family medicine would strengthen the health system and imply a reorganization of service delivery, improving health outcomes and contributing to reduced health expenditures. The family medicine approach is defined as health care services provided by family physicians within a multidisciplinary health team, and it is characterized by comprehensive, continuous, cooperative, and personal services for the family. In this system, family medicine units (or centers) serve as the entry point for patients into the health system, and every household is assigned (empaneled) to a family medicine unit. This unit assumes responsibility for referring the individual to hospitals as needed, coordinates care through the use of a patient-level electronic medical records system, and proactively follows up with patients to strengthen prevention and implement cost-effective interventions for NCD management, such as ensuring adherence to medication and regular monitoring as needed. The implementation of family medicine will also contribute to reduced health expenditures: a strengthened primary care system

organized around family medicine has the potential to reduce costly hospital visits, including reducing reliance on OMR, as more cases would be managed at the primary care level. While there are small-scale pilots of family medicine within the WB&G—largely implemented by UNRWA—scaling up this approach will require considerable changes in financing, physical resources, human resources, infrastructure, and governance. Even as this reform is proposed as a strategic priority within the National Health Strategy, there are no details on the exact nature of implementation, for which further TA will be needed.

Improving the sustainability of health expenditures is possible through improving the efficiency of OMR interventions. As detailed in the recent comprehensive quantitative and qualitative analysis conducted by the World Bank, OMR expenditures remain high and have relatively low value for money due to limited price controls, limited medical equipment and human resource capacity at public health facilities, and governance constraints. A wide range of reform options were identified to improve the efficiency and effectiveness of OMR including strengthening procurement for medicines; finalizing a phased plan to deliver more services in public hospitals; standardizing contracting, pricing, and provider payment methods; defining national benefits packages and regularly updating them; and strengthening institutional capacity and governance for OMR.

PROPOSED COMPONENTS

The proposed activities for each of the components are as follows. While they have been discussed at a high level with the PA and are well-aligned with the aforementioned National Health Strategy, detailed activities within each of the components are subject to change based on client demand.

- **Component 1: Reorganization of health system and implementation of family medicine.** Proposed activities for this component include (a) a review of relevant global and local best practices for family medicine reform design and implementation, including an evaluation of the UNRWA approach to family medicine and identification of aspects that can be scaled up and (b) an operational road map for the implementation of family medicine reform, including a focus on financial, human, and physical resources and information system needs.
- **Component 2: Improving the sustainability of health expenditures.** Proposed activities for this component include (a) TA on the finalization of a nationalization plan for OMR interventions, which includes a costed investment plan and a phased approach to indicating which health interventions would be delivered within public health facilities; (b) a detailed analysis on drug and service prices and a road map to more proactive price negotiation for OMR interventions for standardization; (c) a detailed assessment of purchasing arrangements for OMR and for other health interventions, including a focus on capacity assessment for the purchasers in the sector, benefits packages, provider payment methods, provider selection, and availability of data; and (d) an analysis of fiscal space for health in the Palestinian health sector, with a focus on the assessment of the PA's health budgets and identification of revenue raising and resource allocation possibilities to improve efficiency.

EXPECTED KEY ACHIEVEMENTS

The technical work completed as part of this activity is expected to result in the following outputs and outcomes:

- Strategy and operational road map for scale-up of family medicine
- Finalization of the phased nationalization plan for OMR interventions
- Inputs to the design of the next World Bank financing project.

MOVING FORWARD

To implement this relevant and impactful TA agenda, the World Bank HNP team is seeking resources from the PURSE MDTF for a two-year grant.



5.4.3. Pillar III. Private Sector Development and Job Generation

Business Regulation for Investment, Digitalization, Governance and Entrepreneurship (BRIDGE) (P174821)

Duration	4 years, programmatic ASA
Concept Approval Date	July 23, 2022
Activity Completion Date	April 24, 2025
Total Grant Financing	US\$60,900
PURSE MDTF Grant Amount	US\$500,000–US\$5,000,000 (Proposed)
Status	Active

Objective: To promote inclusive, sustainable private sector led growth in the WB&G through business regulation reforms, improved governance, enhanced transparency and strengthened Government to Businesses service delivery.

BACKGROUND

The Palestinian regulatory environment and legal framework for businesses is complicated and creates unnecessary obstacles for entrepreneurs. This includes a convoluted business registration regime stemming from a patchwork of laws and legacy practices that are inconsistent with international good practice and prone to regulatory capture; a convoluted, burdensome business licensing regime; and an ineffective and unpredictable business inspections regime.

The process of registering a business in the WB&G is complicated, lengthy, and unclear. According to the Doing Business Starting a Business Indicator (2019), it takes an average of 44 days and 10 procedures to complete the procedures for starting a business. The costs represent 47 percent of income per capita, which is significantly higher than the regional average (22.6%) and Organisation for Economic Co-operation and Development (OECD) average (3.1%). There is no online business registration system, and lawyers provide inconsistent information to entrepreneurs. The data center of the business registry is outdated and requires infrastructure, security, storage upgrades as well as a disaster recovery capability. A large number of businesses in the WB&G operate informally, sometimes as home-based businesses. There is no modern framework and tools to allow small entrepreneurs or larger businesses to operate in a global economy that is fast paced. Restrictions to FDI made it very difficult for foreign companies to open branches and subsidiaries and grow the economy.

The existing business licensing regime is excessively burdensome, creates barriers to economic recovery and employment, does not effectively protect public goods, and may invite rent seeking. The current licensing regime lacks transparency and is prone to rent seeking—licensing requirements are not consistent, transparent, and accessible. Furthermore, they are not consistent with international good practice according to which licensing should be applied only to activities that may pose a risk to health, safety, and the environment.

Inspections in business premises are currently uncoordinated and present a source of unpredictability and high compliance burden for businesses. It appears from fact-finding within the Ministry of National Economy (MoNE), Ramallah Municipality, PalTrade, and other governmental stakeholders that business inspections are carried out by several agencies, with overlapping mandates and little or no coordination of inspection scope and planning nor are risk-based planning principles applied to focus inspections on those firms whose business activities have inherent health and safety risks or have a history of inspection violations.

OPPORTUNITY

BRIDGE activities have started with World Bank TA to support the adoption of a new Companies Law framework to replace an outdated 1964 law. The new Companies Law (adopted and published on December 30, 2021) introduces a new social contract between the private sector and the state based on modern principles and approaches. This will affect every business in the WB&G, from subsistence entrepreneurs operating from home to growth entrepreneurs seeking to raise capital and foreign investors seeking to access the Palestinian market.

The new Companies Law introduces a two-year implementation period (starting from April 1, 2022) during which all companies in the WB&G must reconcile their status with the Companies Registry. The Government, specifically the MoNE, does not have the capacity to carry out all the necessary activities to ensure adequate implementation of the law. MoNE has requested the World Bank's urgent support to advise it on the implementing regulations that were foreseen by the law, identification of technical solutions and development of a modern system to automate business registration services, and the various tools and trainings necessary for implementation. These range from trainings to judges, lawyers, and the business community to developing guidelines for the Companies Registry staff and guidance notes for the private sector, registration forms, and model articles of association among others. Moreover, the support requested by MoNE includes providing just-in-time TA to support the ministry and the Companies Registry in resolving any 'teething' issues that may arise during implementation.

PROPOSED COMPONENTS

BRIDGE is a programmatic ASA that aims to support a broad set of activities encompassing both the central and municipal government levels, to improve the legal and institutional framework and business regulatory procedures across three components:

- Component 1: Design and implementation of a modern Companies Law and business registration framework
- Component 2: Business licensing reforms
- Component 3: Business inspections reforms.

The BRIDGE programmatic ASA has started with Component 1: Design and implementation of a modern Companies Law and business registration framework. A draft model Companies Law was developed, based on international good practice, while also incorporating the local context (Phase 1 of Component 1). The law was published on December 30, 2021.

Critical activities required for implementation of the new Companies Law were agreed and prioritized with MoNE and must be implemented by July 2023 (Phase 2 of Component 1) contingent on availability of funding to provide TA. The World Bank provided initial funding to support critical tasks until June 2022, but there is a gap in funding for priority activities needed to implement the law from July 2022 to July 2023. Some examples of the activities under Phase 2 include the TA to MoNE for (a) main set of regulations needed to implement the Companies Law, drafted in accordance with international good practice; (b) the Automated Business Registry System (ABRS), for the review and recommendation of options for the software solution for the business registration system—best practices and technologies available; (c) registration forms (for the online registration) and model articles of incorporation for all legal company forms, in line with good international practice; (d) a regulatory framework for home-based businesses; (e) capacity building of Company Registry staff (workshop/trainings on the online forms, procedures, manuals, and so on as these are developed on a rolling basis); and (f) outreach and initial dissemination of information/workshops about the new Companies Law to key stakeholders (lawyers, judges, and the private sector).

The rest of the activities required for successful implementation of the Companies Law will be agreed with MoNE and delivered based on availability of funding until July 2024 (*Phase 3 of Component 1*).

EXPECTED KEY ACHIEVEMENTS

A model Companies Law, in line with international good practice while also incorporating the local context, has been enacted. The law introduces several key policies that will transform the operating framework for companies in the WB&G. For example, the law enables home-based businesses and removes other legal barriers to formalization of SMEs by minimizing compliance costs, uncertainty, and discretionary powers of the registrar. It also introduces new legal entity types such as the limited liability company and the single member company, to offer more flexibility to small businesses. It removes restrictions to foreign investors and better protected minority investors. It enables automation of the Companies Registry and digitalization of business registration services. It improves accuracy and integrity of business regulation data and enhanced transparency of such data to the private sector. It enables entrepreneurs to close their businesses through more affordable, efficient, and predictable procedures. It lowers compliance costs by regulating SMEs only to the extent necessary for the public interest and removes excessive requirements such as minimum capital requirements and audited financial statements. It removes unnecessary formalities such as the mandatory involvement of lawyers in business registration. It introduces important tools such as mergers, divisions, and transformation that will allow businesses to adapt their business model as they grow. It equips shareholding companies with new tools to address the diversity of situations they face in their operations such as different types of shares, employee stock option plans, and convertible bonds. It also promotes women in leadership roles by providing that public shareholding companies should aim to have one-third of women in their board of directors.

The expected outcome of Component 1 is a modernized legal framework for entrepreneurship that will offer business owners in the WB&G and foreign investors (a) a more predictable and transparent operating environment, with lower compliance costs; (b) modern framework and tools to allow small entrepreneurs, larger businesses, or foreign investors in the WB&G to operate and be aligned to a global economy that is fast paced; (c) a more transparent, predictable, accessible, efficient, and privilege-resistant business entry regime that will enable accurate data collection, disclosure of such data to investors, and use of this data by the government for policy making; and (d) digitalization of government-to-businesses service delivery.

MOVING FORWARD

The activities under the BRIDGE programmatic project will expand to a comprehensive set of reforms on the business regulatory environment, contingent on securing the required funding. The other activities under the BRIDGE program will include the following:

- (a) **Component 1 - Implementation of the Companies Law - Phase 3** will continue with other activities (for example, core functionalities of the ABRS, identifier for companies and options for digital business identifier - best practices and technologies available, regulation determining the procedures related to the deregistration and liquidation of companies and other implementation regulations requested by law, and trainings for lawyers and judges about the new law, procedures, and so on).
- (b) **Component 2 - Reform of business licensing and implementation of a streamlined, transparent, and cost-effective licensing regime.** The main outputs of the TA under this component are the following: (a) an inventory mapping of licensing requirements, (b) an in-depth review of licenses in select priority sectors, (c) reform recommendations in select priority sectors based on a risk-based approach, and (d) TA to support implementation of an e-informatinal licensing portal. The expected outcome of this component is to have a streamlined, transparent, and cost-effective licensing regime consistent with good practice that will be free of unnecessary burdens to businesses while at the same time protecting the public interest, safety, health, and the environment.
- (c) **Component 3 - Reform of business inspection regime to rationalize and streamline inspection regimes, reduce compliance burdens on businesses, and foster a business-friendly environment while safeguarding the public good.** The main outputs of the TA under this component are (a) mapping of legislative and institutional framework for inspections, (b) a policy note on options for reform (merger or consolidation of certain inspection domains, better coordination and information sharing, and so on), (c) delivery of horizontal inspection reform tools such as general guidelines (inspection checklists, risk models, enforcement management models, complaints management, and guidance tools for businesses), and (d) rollout of detailed inspection reform activities in two priority areas/sectors (training and checklists and sector-specific risk assessment guidelines). The expected outcome of this component is a streamlined inspection regime that will pose fewer burdens on businesses; it will contribute to a business-friendly environment and will lead to better regulatory outcomes in the select priority sectors (environmental protection, occupational safety, food safety, and so on).



RISKS AND MITIGATION MEASURES

6

This chapter will (a) identify and describe relevant risks to each pillar under the PURSE MDTF; (b) rate those risks as High, Substantial, Moderate, or Low; and (c) establish risk management/mitigation measures as required. The six areas of risks that are considered under this chapter are (a) political and governance risks, (b) pillar strategies and policies risks, (c) institutional capacity building risks, (d) fiduciary risks, (e) stakeholder risks, and (f) environmental and social risks.

The World Bank teams provide an overall linear rating of Low, Moderate, Substantial, or High for each risk area. To the best of the teams' abilities, the risk factors are assessed against two dimensions: (a) the probability (likelihood) that the risk will occur and (b) the impact of the risk on the PDOs. The following risk table is indicative and is thus provided as a starting point for the teams to identify and describe risks under each pillar.



Table 8. Risk Ratings by Pillar

	Pillar I	Pillar II	Pillar III	Pillar IV
Political and Governance	High	Substantial	High	Substantial
Pillar Strategies and Policies	Moderate	Moderate	Substantial	Moderate
Institutional Capacity Building	Moderate	Moderate	Substantial	Substantial
Fiduciary	Substantial	Substantial	Substantial	Substantial
Environmental and Social	Low	Low	Moderate	Moderate
Stakeholders	Moderate	Moderate	Substantial	Moderate

Note: Risks, which have been assessed as Moderate, Substantial, or High, are discussed in more detail in the tables below.



6.4. PILLAR I (MACRO-FISCAL STABILITY AND PUBLIC FINANCIAL MANAGEMENT)

Risk Category	Mitigation Measures
Political and governance - High	
<ul style="list-style-type: none"> ● The situation in the WB&G remains fragile. In Israel, the recent collapse of the coalition government has heightened political uncertainty; elections are scheduled for November, and it is unclear which parties will subsequently form a government. On the Palestinian front, the legislative council has been inactive for more than 15 years, undermining checks and balances. The recent months have seen sporadic clashes in the West Bank, and the last conflict in Gaza took place in August 2022, preceded by the May 2021 conflict. Political instability and the long-lasting restrictions on movement, access, and trade continue to be major impediments to development. The volatility may affect the PA's ability to enhance resource management, and if the situation escalates, the budget may be utilized to address emerging needs, which could derail efforts away from gender budgeting. In general, heightened political and governance risks may hamper the PA's reform appetite. ● Continuing tensions in the relationship between the PA and the de facto authority in Gaza on the one hand and Israel on the other may affect project implementation. 	<ul style="list-style-type: none"> ● As part of risk mitigation, political and security developments are monitored routinely by the WBG to remain constantly informed of any situation that may require adjustments to operations. Despite the challenging context, the PA remains committed to the implementation of structural reforms, many of which are within the PA's control and less affected by external factors. The World Bank's financing and technical assistance sends a critical signal to all development donors on the need to continue assistance to the Palestinian people. Ongoing dialogue and close engagement by the donor community at the overarching level as well as at the sector level are also key. ● Political and security risks will be mitigated by planning different scenarios to respond to the PA's needs while practicing caution and following country and United Nations (UN) security mitigation measures. ● To mitigate this security risk to WBG operations, the resident security specialist is in continuous contact with the UN's security system and the local authorities, facilitating clear guidance to monitor and supervise projects. ● Armored vehicles are used for the WBG staff travel in the West Bank, while travel within Gaza is by a two-car convoy.

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Risk Category	Mitigation Measures
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Pillar strategies and policies - Moderate

- Despite good growth in 2021 following a recession in 2020, growth in Q1 2022 slowed somewhat and is expected to slow further over the remainder of 2022, likely reaching 3.5% by the end of the year, with potential downside risks posed by the effects of the war in Ukraine. The fiscal deficit shrunk in the first half of 2022; nevertheless, fiscal demands remain very high because the PA depleted its financial buffers to finance its deficit in 2021, relying on borrowing from domestic commercial banks; also, donor support has been continuously declining in recent years. The PA has resorted to the accumulation of arrears to the private sector, the pension fund, and public employees; this poses risks for macroeconomic stability and may result in liquidity shortages in the economy. Slower growth and mounting fiscal stress may distract the PA from reform implementation, especially reforms supported by the DPG that would have a less immediate fiscal impact—including those focused on climate change.
- The World Bank’s operations, including the DPG, send a strong signal to donors that the World Bank places great importance on progress in implementing the PA’s development plan. Moreover, additional funds leveraged through the PURSE MDTF will help ameliorate the fiscal pressure. This will mitigate the impact of reduced donor assistance on the PA’s finances. Business environment reforms supported by the World Bank’s operations would encourage additional private investment and eventually lead to better economic outcomes. Strong PA ownership of its reform program also helps mitigate these risks.

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Risk Category	Mitigation Measures
Institutional capacity building - Moderate	
<ul style="list-style-type: none">● The continued isolation of Gaza presents challenges for the entry of project inputs, including COVID-19-related medical imports in recent times.● Capacity-building efforts suffered setbacks during the COVID-19 pandemic as institutional resources were often directed to other priority areas in the context of a deteriorating economic and financial outlook for the PA. Following the acute phase of the pandemic, there is a risk that the required resources will not be returned to support capacity building again.	<ul style="list-style-type: none">● The World Bank liaises with the Coordinator of Government Activities in the Territories (COGAT) and UN agencies for the implementation and supervision of World Bank-financed projects—for example, through helping facilitate the entry of needed supplies both into Gaza and the West Bank.● Operational design, building ownership and support through citizen engagement mechanisms, and project-level participation modalities will help improve prospects for successful implementation of the projects.● These risks are also mitigated by long-term programmatic engagement, which brings increased and sustainable impact.

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Risk Category	Mitigation Measures
Fiduciary - Substantial	
<ul style="list-style-type: none">● This risk rating has been downgraded from High to Substantial—with respect to previous years, when it was High due to the large backlog of financial statements and slow PFM reforms.● The situation has recently changed, as the issuance of financial statements, while delayed, is slowly getting up to date. Specifically, the 2016 and 2017 audited reports have been issued, and the 2018 and 2019 joint audit was finalized and made publicly available on December 30, 2021. PFM reforms have also recently accelerated. Procurement reform has also progressed recently, as the PA has been able to implement important provisions of the Procurement Law, including mandating the use of a single procurement portal and SBDs and establishing a mechanism for administrative review of bidder complaints. That said, the PFM system continues to be strained by the recourse to arrears as a result of a large financing gap and limited ability to raise financing in an optimal manner, which manifests itself in weak budget execution. PFM deficiencies in some sectors (for example, education, health, and local governments [LGs]) affect budget implementation and service delivery. The shortfalls in these areas may all stand in the way of the PA's ability to achieve reform results	<ul style="list-style-type: none">● To help mitigate these risks, the World Bank and other donors have been providing TA to the MoF over recent years, aiming to strengthen the accountability of the PFM system. Further, the World Bank has continued to support PFM-related reforms over the years covering the budget preparation process, higher transparency in fiscal reporting, and stronger commitment controls.● The World Bank has also been providing capacity building and training to help the PA meet International Public Sector Accounting Standards (IPSAS) and to accelerate the preparation of financial statements. The PA has been implementing a new PFM strategy (2017–2022) with an emphasis on expenditure management and control, accounting and reporting, and procurement.● The World Bank-funded PFMI Project, effective since July 2018, is addressing some of the risks in the PFM system by (a) improving budget expenditure management and control, (b) improving the financial accountability of the PFM system, and (c) modernizing public procurement. The project is also helping address some of the deficiencies in the health sector by ensuring that commitments on health referrals are fully captured in the Financial Management Information System (FMIS) at all times; and in the LG sector by improving the transparency of information on debt between the LGUs and the MoF. An MDTF alongside the project provides complementary assistance centrally and in municipalities, supporting analytical work and citizen engagement.

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Risk Category	Mitigation Measures
Stakeholders - Moderate	
<ul style="list-style-type: none">● The lingering effects of COVID-19 on the global economy and subsequent waves could create risks to donors' priorities. Donor funds to the program have dropped in recent years, and there is concern that this trend could continue.	<ul style="list-style-type: none">● This risk is mitigated through regular contact with all donor partners and timely, through implementation reports that encourage them to see the World Bank as an effective and reliable partner for them to channel financial assistance to the PA.



6.2. PILLAR II (HUMAN CAPITAL INVESTMENT AND SERVICE DELIVERY)

Risk Category	Mitigation Measures
Political and governance - Substantial	
<ul style="list-style-type: none"> ● Volatility persists in the political and security situation in the WB&G as well as in the relationship between the PA and the Gol. ● The PA's relationship with both the de facto authority in Gaza and the Gol remains tense; this may have impacts on project implementation in Gaza. ● There is often a lack of political willingness on the PA's part to execute ambitious, comprehensive health sector reform to tackle the factors, which contribute to high levels of OMR. 	<ul style="list-style-type: none"> ● To mitigate political and security risks, plans have been made to respond to the needs of the PA while following country and UN security mitigation measures in a range of scenarios. ● To mitigate this security risk to WBG operations, the resident security specialist is in continuous contact with the UN's security system and the local authorities. This dialogue generates clear guidance on the monitoring and supervision of projects. ● Measures are in place to enhance the security of World Bank staff while travelling. In Gaza, two-car convoys are used; in the West Bank, armored vehicles are employed. ● These risks will also be mitigated through continued policy dialogue and provision of targeted TA for informing the PA's design and implementation of reforms.
Pillar strategies and policies - Moderate	
<ul style="list-style-type: none"> ● The design of the education and health interventions and reforms will be technically complex and will require high-caliber local and international expertise as well as in-depth analytical work. ● While there is a high-level strategic plan and fragmented efforts, the government lacks a road map for the detailed implementation of family health interventions as well as reduction of the financial burden of OMR interventions. 	<ul style="list-style-type: none"> ● The World Bank teams will reach out to education and health partners and donors in the WB&G—particularly through PURSE—for their support in Bank-executed funding to mobilize international expertise and conduct in-depth analytical work. ● The World Bank health team will support the development of a detailed health financing analysis and an operational road map for the scale-up of family health as well as a phased approach to reduce OMR.

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Risk Category	Mitigation Measures
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Institutional capacity building - Moderate

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| ● Importing project inputs into Gaza can be challenging. Recently, this has affected medical materials required to address the COVID-19 pandemic. | ● The World Bank-financed operations are implemented by well-performing project implementation units of the PA and through utilities and universities. |
| ● The economic and financial challenges facing the PA have increased recently, because of COVID-19. As a result, the PA may face greater risks as it attempts to implement the institutional reforms supported by PURSE. | ● The World Bank liaises with COGAT and UN agencies for the implementation and supervision of World Bank-financed projects. |
| ● The implementation of scaled-up family health, as well as interventions to ensure a reduced burden of OMR, requires substantial capacity building within relevant MoH directorates. | ● A number of steps have been put in place to promote successful project implementation. Citizen engagement activities help build a sense of ownership, while project-level participation increases support. |
| | ● Pillar 2 funds long-term programmatic projects, which have a significant and sustainable impact, further mitigating these risks. |
| | ● Capacity constraints are being addressed by continued capacity building for relevant MoH directorates under the PURSE operation. |

Stakeholders – Moderate

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| ● Donors' priorities may change and their willingness to support World Bank TFs may decrease as a result of the negative impact of COVID-19 on the world economy. | ● The World Bank has built a strong relationship with donors. This relationship is supported by the provision of regular reports, which showcase the work done by the World Bank and demonstrate its effectiveness. |
| ● Given the multitude of other development partners working in the health sector and the lack of institutionalized coordination mechanisms, duplication of interventions is a potential risk. | ● The World Bank will ensure coordination with DPs through participating in and incentivizing multistakeholder forums. |

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6.3. PILLAR III (PRIVATE SECTOR DEVELOPMENT AND JOB GENERATION)

Risk Category	Mitigation Measures
Political and governance - High	
<ul style="list-style-type: none">● Political and governance risk is High, with restrictions on movement, access, and trade posing substantial impediments to project implementation in the Palestinian territories, particularly in Gaza.● Macroeconomic and fiscal deterioration result in low appetite for foreign investment in the WB&G, restricting investments needed for firm-level growth and negatively affecting investment targets.	<ul style="list-style-type: none">● The World Bank monitors the situation regularly and partners with local communities, municipalities, NGOs, utilities, and educational institutions which could provide additional modes of implementation to ensure program and project continuity should the risk materialize.● There will be proactive communication and individualized outreach with potential investors aimed at highlighting the long-term benefits of investing in the WB&G, including showcasing of successful pilots and proofs of concept.

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Risk Category	Mitigation Measures
Pillar strategies and policies - Substantial	
<ul style="list-style-type: none">● Sectors of focus for World Bank interventions under this pillar, such as the IT services sector, are less predictable than other sectors and are lagging global trends and fast-paced technological innovation; this presents a market risk that could affect project outcomes.● Project designs include a variety of interventions and grant schemes, which are original and untested in the WB&G context; this makes the risk of overall technical design high before the implementation of mitigation measures.● Jobs generated as a result of project interventions might only be sustained for the duration of project lifecycles and grant schemes.	<ul style="list-style-type: none">● Projects and interventions will draw on a wealth of innovative project experiences and technical expertise from within the WBG and the region—including from global best practices more broadly—to steer and adapt project operations.● Projects will employ pilot initiatives to test the design before scaling to full potential and will include the following mitigation measures: (a) conducting marketing and outreach to cater to targeted beneficiaries, (b) simplifying available grant schemes for beneficiaries while still monitoring effectiveness, (c) maintaining flexibility to adapt grant schemes during project lifecycles while maintaining fair application procedures and creating incentives to improve beneficiary performance, and (d) working through a Project Implementation Agency (PIA) that has a strong track record in conducting due diligence of grant beneficiaries.● The World Bank will regularly engage beneficiaries in integrating lessons learned and ensuring that project interventions can help sustain jobs, which were created or supported by project interventions. The World Bank will also raise awareness of the importance of beneficiary firms contributing their own resources to ensure the long-term success and sustainability of project interventions.

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Risk Category	Mitigation Measures
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Institutional capacity building - Substantial

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| <ul style="list-style-type: none">● Lack of strong institutional capacity among key public entities to oversee and manage complex private sector-focused programs | <ul style="list-style-type: none">● Engaging a qualified PIA will be critical to manage private sector initiatives on behalf of the government and solicit external expertise when needed.● The World Bank will provide technical expertise to ensure integration of global knowledge and best practices in project operations.● Projects will allocate resources dedicated to building the capacity of government counterparts, with the aim of improving public sector oversight and the longer-term ability of public entities to implement projects directly. |
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Fiduciary - Substantial

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| <ul style="list-style-type: none">● The national-level fiduciary risk is Substantial, due to weaknesses in the PA's financial management (FM), especially with regard to accounting and reporting, exacerbated by a lack of experience in implementing World Bank-financed projects in the private sector. | <ul style="list-style-type: none">● Adequate FM arrangements will be put in place for projects, which include development of an FM Manual, recruitment of project FM staff, and upgrading of accounting systems as necessary.● Risks identified will be mitigated through project-specific measures. Funds will flow to a Designated Account opened specifically for designated projects.● Engaging a PIA with experience managing World Bank-financed projects and with familiarity in the operating environment and due diligence requirements will help reduce fiduciary risks. |
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Risk Category	Mitigation Measures
Environment and social - Moderate	
<ul style="list-style-type: none">● A reemergence of the COVID-19 pandemic could affect project operations, including staff well-being, procurement delays as a result of low stock and price increases, and delays in recruitment.	<ul style="list-style-type: none">● The World Bank will ensure that the PIA will comply with the PA's regulations and measures related to public health.● The World Bank will prioritize the procurement of the most urgent activities, products, and services should the risk materialize.● The World Bank will review contracts to comply with obligations in the event of further COVID-19 restrictions.● WHO and MoH guidelines regarding COVID-19 will be incorporated in relevant agreements and contracts with suppliers and beneficiaries.

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Risk Category	Mitigation Measures
Stakeholders - Substantial	
<ul style="list-style-type: none">● Lack of sufficient coordination with other private sector initiatives in the WB&G could lead to duplication of efforts and resources as well as competition to engage the same pool of beneficiary firms.● Lack of interest in co-funding and lack of investment appetite or new ideas from private sector stakeholders and beneficiaries, including SMEs and startups, could mean that projects do not meet their declared objectives.● Operating and business environment uncertainties, as well as weak coordination between government entities and private sector actors, could result in stakeholders having no common vision for the development of sectors of focus.	<ul style="list-style-type: none">● Regular engagement with other programs/ donors will be put in place to identify areas of complementarities, share knowledge, and avoid possible duplication.● Regular engagement with government counterpart ministries will be conducted to identify projects working in the same area and better coordinate resources. Where conflicts arise, the World Bank will retain the flexibility to adapt programs to tailor to different needs.● The World Bank will raise awareness and engage at an early stage with private sector stakeholders and potential beneficiaries with the aim of enhancing project visibility and long-term engagement.● Strategic design of projects will be further enhanced through including government and private sector representation in project steering committees and systematic monitoring and coordination with key stakeholders, as well as regular reporting on the outcome of stakeholder engagement.

6.4. PILLAR IV (SOCIAL PROTECTION FOR THE POOR AND AT-RISK POPULATION)

Risk Category	Mitigation Measures
Political and governance - Substantial	
<ul style="list-style-type: none"> ● The political and security situation in the WB&G remains tense and is liable to change rapidly. ● Relations between the PA and the GoI are volatile, and the relationship between the PA and the de facto authority in Gaza is also challenging. This could affect project implementation. ● The PA's macroeconomic situation could also have an adverse impact on the implementation of projects. 	<ul style="list-style-type: none"> ● The implementation of the social protection portfolio in the WB&G relies on both the PA and NGOs. Projects implemented by the PA are closely coordinated by the MoF, which is entrusted to implement the project in compliance with World Bank procedures and guidelines. This arrangement is reinforced by NGOs that have a strong track record of institutional and implementation capacity in the social protection sector. ● The risks facing project implementation in Gaza are mitigated by ensuring that Gaza-related activities are implemented by Gaza-based NGOs; this also helps reduce the effects of macroeconomic shocks. ● Social protection interventions could contribute to improving the economic and social situation in Gaza by providing selected beneficiaries with short-term employment opportunities and increased access to e-work. One of the benefits of e-work is that tasks can be performed from any location with basic infrastructure, allowing workers to access global markets, complete tasks, and get remunerated from their homes. This in turn will help provide some momentum to the economy at a time when the vast majority of donor-aided programs face significant budget cuts.

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Risk Category	Mitigation Measures
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Pillar strategies and policies - Moderate

- Further deterioration in the fiscal situation of the PA could influence the development of the social protection sector as a whole and threaten the achievement of objectives of the PA social protection strategy, which calls for the protection and empowerment of the poor and most marginalized.
- The World Bank, through the Social Enhancement Support Project, is supporting the PA in the implementation of social protection reforms through the institutionalization of the case management system and the establishment of the national social registry. This project is based on the multidimensional poverty approach, which considers both monetary and nonmonetary dimensions of poverty.
- Dialogue is maintained with key stakeholders, including donors, to attract additional resources to support reform implementation.

Institutional capacity building - Moderate

- As a result of the isolation of Gaza, it can be difficult to import project inputs.
- In the context of deepening financial and economic problems, the PA is likely to encounter increased risks as it tries to carry out difficult reforms supported by PURSE.
- The World Bank coordinates with COGAT and UN agencies for the implementation and supervision of World Bank-financed projects.
- Features of the projects funded under Pillar IV, from their operational design to their citizen engagement and project-level participation mechanisms, have been chosen to facilitate successful implementation.
- Moreover, under the Social Protection Enhancement Project, the PA has demonstrated ownership of and commitment to the proposed reforms.
- The long-term nature of engagement in the social protection sector mitigates these risks by delivering significant and sustainable impacts.

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Risk Category	Mitigation Measures
Fiduciary - Substantial	
<ul style="list-style-type: none">● Monitoring of procurement and FM performance—especially in Gaza—is limited due to the restriction on movement and access for project staff.● The weak FM of the PA, particularly in accounting and reporting, and delays in implementing procurement reforms make the national-level fiduciary risk Substantial.	<ul style="list-style-type: none">● Relevant risks are mitigated through the fiduciary arrangements, including flow of funds, accounting and reporting, internal controls, audit, and procurement measures, in place. Monitoring systems are in place and include checks to ensure that no ineligible payments are made. The procedures for processing the various types of procurement are well documented in the projects' Operations Manuals.
Environment and social - Moderate	
<ul style="list-style-type: none">● The social protection portfolio is mainly exposed to social risks including labor risks related to occupational health and safety risks and working conditions; community health and safety risks due to exposure to communicable diseases, potentially inadequate management of hazardous medical waste and pesticides, and GBV; exclusion from project benefits, especially of vulnerable groups; limited existing PA capacity for environmental and social risk management; and sexual exploitation and abuse/sexual harassment (SEA/SH) due to the potential relevant exposure of women and vulnerable groups under the cash-for-work activities.	<ul style="list-style-type: none">● The World Bank team will maintain close, timely, and continuous support to the Project Implementation Units. Capacity building for the projects' environmental and social officers will be provided on environmental performance, occupational health and safety, and the code of conduct/ GRM. At the same time, capacity building to respond to SEA/SH will be planned and implemented. Under the Emergency Gaza Social Support Project, a Social Impact Assessment (SIA) will help mitigate the social-related risks.

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Risk Category	Mitigation Measures
Stakeholders - Moderate	
<ul style="list-style-type: none">● Donors may reprioritize their spending and choose to give less support to social protection operations, due to economic difficulties, fiscal challenges, and other development priorities.	<ul style="list-style-type: none">● The World Bank is in frequent contact with donor partners and provides them with detailed implementation reports, which illustrate the value added by the World Bank as an expert in implementing programs in the WB&G.● The World Bank maintains close supervision and coordination with the MoF to ensure the stability of World Bank-financed/TF-administered cash transfers. Efforts to raise additional funds from the donors are ongoing. Many donors, including Norway, Ireland, and Canada, have shown interest in channeling additional resources into cash for services.







PROGRAM MANAGEMENT, IMPLEMENTATION SUPPORT, AND OUTLOOK FOR THE PURSE MDTF

7

7.1. PROGRAM MANAGEMENT AND ADMINISTRATION (PM&A) WINDOW

The PM&A window finances management and administration costs associated with implementing the PURSE MDTF. These costs are incurred to operate and support the window teams, country management, and central support functions. As agreed during the concept stage, 5 percent of the total pledged amount—around US\$1.6 million as of June 30, 2022—is set aside for this window from the Trustee Fund. Of US\$1.6 million, US\$700,000—2.1 percent of the total pledged amount—has been committed to the PM&A Window. Approximately US\$336,000 has been disbursed as of June 30, 2022.

7.2. IMPLEMENTATION SUPPORT WINDOW

The overall objective of this implementation support window is to help the PA increase the development impact of the recipient-executed operations through (a) improved results, (b) better implementation and risk management, and (c) increased institutional development while ensuring compliance with the legal agreements of the operations. Based on the AA and the World Bank's Operations Policy and Country Services team's advice and guidance, during the FY23, the PURSE management is planning to allocate US\$200,000 (out of the PM&A window) to this Implementation Support window to provide ongoing support to the Ministry of Education for the high-quality implementation of SERATAC.

7.3. FUND-RAISING OUTLOOK FOR THE PURSE MDTF

Having raised US\$32.6 million over its first year of existence, the PURSE MDTF has proven to be an effective platform to harness the efforts of DPs, the World Bank, and the PA to address the priority development needs of the Palestinians in a complex FCV environment. Norway and France contributed a total of US\$32.6 million in FY22 to the PURSE MDTF, particularly to provide (a) timely budget support to the PA to strengthen recovery and resilience post COVID-19 and (b) cash support and short-term employment opportunities to some of the most vulnerable populations in the WB&G affected by the pandemic.

Since the establishment of the PURSE, there have been several challenges in the fund-raising efforts for the PURSE MDTF, among which we can single out the following:

- The COVID-19 pandemic, which has forced donor countries to launch ambitious domestic relief and stimulus programs, has in practice shifted priorities, leading to a decline in official development assistance budgets practically everywhere.
- A general trend has been observed in recent years toward a reduction in overall development aid to the PA, particularly with regard to general budget support.
- Other competing priorities for development assistance for donor countries have emerged over the past few months, such as the war in Ukraine.

The combined impact of these trends has increased the challenges to fund-raising for the World Bank program in support of the WB&G. For example, according to the World Bank's May 2022 report to the AHLC, international aid to the budget fell from 27 percent in 2008 to 1.8 percent in 2021. This is also illustrated by the difficulties to mobilize new resources in support of Gaza reconstruction following the May 2021 conflict, in clear contrast to what was seen after previous such incidents like the 2014 conflict.

Despite this overall trend, the World Bank has not decreased its own contribution to the program through TFGWB, which has stayed the same throughout FY20–22, with a US\$80 million allocation from the International Bank for Reconstruction and Development (IBRD) surplus each year. Given the pressing development challenges and the PA's prevailing fiscal crisis, exacerbated by the COVID-19 crisis and the May 2021 conflict, additional funding is strongly needed for the PURSE MDTF to address urgent financing needs, which is estimated at US\$50.6 million (see Table 7 in Chapter 3.3). The World Bank will continue reaching out to DPs that might be interested in joining forces to support the PA in addressing Palestinian development needs in a harmonized and programmatic manner. With the PA continuing to progress in the reform agenda, including in fiscal consolidation and public revenue generation, the PA and Israel showing signs of greater economic cooperation, and the need to transform the private sector as the main driver of growth and job creation, including in the digital economy, this is a critical moment to strengthen the efforts to foster sustainable and inclusive growth. Greater levels of donor funding would add further momentum in the reform agenda such as on (a) strengthening institutions toward financial sustainability and operational capability; (b) supporting private sector development; and (c) supporting enhanced connectedness of the Palestinian economy, including with regional neighbors and global markets.

ANNEX 1

PA NATIONAL DEVELOPMENT PLAN 2021–2023 - NATIONAL PRIORITIES, POLICIES, AND POLICY INTERVENTIONS

(English translation of NPA is unofficial)

The objectives of the PURSE MDTF and the projects and programs supported by the MDTF are fully aligned with the NDP, including, but not limited to, the following areas.

Pillar	National Priorities	National Policies	Policy Interventions
Government Re-form	Effective Govern-ment	Strengthening Integrity Ac-countability and Transparency	<ul style="list-style-type: none"> ● Strengthen transparency in government, including the approval and implementation of access-to-information legislation. ● Strengthen the role of financial and administrative audit institutions.
		Effective, Efficient Public Insti-tutions	<ul style="list-style-type: none"> ● Ensure fiscal sustainability and improve PFM. ● Reform and restructure the WB&G's public institutions to increase efficiency and improve service quality. ● Strengthen results-based management and integrated planning and budgeting. ● Establish the WB&G's utilities, prioritizing the electricity and water sectors. ● Strengthen capacity for disaster response and crisis management.
	Citizen-centered Government	Responsive LG	<ul style="list-style-type: none"> ● Reform and restructure LG and administration. ● Decentralize services to LGUs, while building their capability and fiscal capacity to carry out these services. ● Expand LGU taxation, revenue raising, and resource management mandates. ● Develop an effective system of intergovernmental transfers.
		Improving Services to Citizens	<ul style="list-style-type: none"> ● Develop and implement a government-wide service improvement strategy. ● Strengthen integrated service delivery in partnerships with the private sector and civil society. ● Develop and implement an e-government strategy, focusing on the delivery of online services to citizens.
		Reforming and Developing Land Administration	<ul style="list-style-type: none"> ● Complete land registration, settle immovable properties, and protect titles. ● Improve the efficiency and effectiveness of land tractions and regulate the real estate market.

(Table continued on the next page)

(Table continued from the next page)

Pillar	National Priorities	National Policies	Policy Interventions
Sustainable Development	Economic Independence	Cluster Development	<ul style="list-style-type: none"> ● Design and implement economy-vital infrastructure projects (particularly airport, seaport, industrial parks transportation, telecom, water, and electricity networks). ● Bridge the West Bank-Gaza development gap. ● Rebuild and develop productive sectors focusing on manufacturing, agriculture, and tourism clusters.
	Resilient Communities	Meeting the Basic Needs of Our Communities	<ul style="list-style-type: none"> ● Expand community access to clean water and sanitation. ● Expand community access to reliable energy. ● Improve public transportation and road safety.
		Ensuring a Sustainable Environment	<ul style="list-style-type: none"> ● Expand solid waste management (SWM) and recycling. ● Expand wastewater management, treatment, and reuse. ● Manage, protect, and promote sustainable use and conservation of natural resources (land, water, and energy). ● Increase energy efficiency and reliance on renewable energy. ● Adapt to climate change and mitigate GHG emissions. ● Promote integrated solid and hazardous waste management and recycling.



ANNEX 2

UNAUDITED TF FINANCIAL STATEMENT

WORLD BANK GROUP

Palestinian Umbrella for Resilience Support to the Economy Multi-Donor Trust Fund (WORLD BANK REFERENCE 73643) - Multi Donor Fund

UNAUDITED TRUST FUNDS FINANCIAL REPORT

Expressed in United States Dollars

	07/01/2021 to 06/30/2022	06/27/2021 (date of inception) to 06/30/2022
Receipts (Note 1)		
Cash Contributions	32,604,509.16	32,604,509.16
Investment Income (Note 5)	16,645.06	16,645.06
Transfers within Hierarchy	50,000.00	50,000.00
Contributions via Transfers	(50,000.00)	(50,000.00)
Total Receipts	32,621,154.22	32,621,154.22
Disbursements (Note 1)		
Project Disbursements		
Disbursements to Grantee	(24,106,500.00)	(24,106,500.00)
Direct costs Disbursed by WBG		
Staff Costs (Incl. Benefits) (Note 6)	(285,450.04)	(285,450.04)
ETC/ETT Costs	(30,165.30)	(30,165.30)
STC/STT Costs	(15,791.00)	(15,791.00)
Total Personnel Costs	(331,406.34)	(331,406.34)
Travel expenses	(5,006.06)	(5,006.06)
Media workshop	(62.86)	(62.86)
Contractual services	(45,000.00)	(45,000.00)
Total Direct Costs Disbursed by WBG	(381,475.26)	(381,475.26)
Total Project Disbursements	(24,487,975.26)	(24,487,975.26)
Non-Project Disbursements		
Administrative fees and expenses (Note 3)		
Recipient Executed TFs	(1,445,780.00)	(1,445,780.00)
Bank Executed TFs	(45,777.03)	(45,777.03)
Total Non-Project Disbursements	(1,491,557.03)	(1,491,557.03)
Total Disbursements	(25,979,532.29)	(25,979,532.29)
Excess of receipts over disbursements / (disbursements over receipts)	6,641,621.93	6,641,621.93
Fund Balance		
Beginning of period	0.00	0.00
End of period	6,641,621.93	6,641,621.93
Fund balance consists of		
Share in pooled cash and investments		6,641,621.93
Undisbursed Commitments as of 07/27/2022 (Note 4)		5,277,047.71

WORLD BANK GROUP

Palestinian Umbrella for Resilience Support to the Economy Multi-Donor Trust Fund (WORLD BANK REFERENCE 73643) - Multi Donor Fund

UNAUDITED TRUST FUNDS FINANCIAL REPORT

Status	Beneficiary	VPU/Div	TF Hierarchy	TTL Name
Active	WEST BANK& GAZA	MNC04	Trustee Account	Mr Juan Sebastian Saez

Contribution details by Donor

Donor	Currency	07/01/2021 to 06/30/2022	06/27/2021 (date of inception) to 06/30/2022
FRANCE - MINISTRY OF ECONOMY, FINANCE AND RECOVERY	EUR	8,000,000.00	8,000,000.00
NORWAY - MINISTRY OF FOREIGN AFFAIRS	NOK	107,000,000.00	207,000,000.00

Contribution paid-in details by Donor

Donor	Currency	07/01/2021 to 06/30/2022	06/27/2021 (date of inception) to 06/30/2022	06/27/2021 (date of inception) to 06/30/2022 In USD Equivalent
FRANCE - MINISTRY OF ECONOMY, FINANCE AND RECOVERY	EUR	8,000,000.00	8,000,000.00	9,308,800.00
NORWAY - MINISTRY OF FOREIGN AFFAIRS	NOK	207,000,000.00	207,000,000.00	23,295,709.16

Disbursement details by Grant

Grant	Grant Name	Executed By	Currency	Grant Amount	07/01/2021 to 06/30/2022	06/27/2021 (date of inception) to 06/30/2022
TF0B6841	Building the Foundations of a Digital Economy, Strengthening Resilience, and Supporting Governance	Recipient	USD	24,106,500.00	24,106,500.00	24,106,500.00
TF0B7037	PURSE PROGRAM MANAGEMENT AND ADMINISTRATION	Bank	USD	700,000.00	336,475.26	336,475.26
TF0B7880	Additional Financing for the Emergency Social Protection and Jobs COVID-19 Response Project	Recipient	USD	4,809,100.00	0.00	0.00
TF0B8040	Wage Bill Note	Bank	USD	50,000.00	0.00	0.00
TF0B8074	ECONOMIC MONITORING	Bank	USD	0.00	0.00	0.00

WORLD BANK GROUP

Palestinian Umbrella for Resilience Support to the Economy Multi-Donor Trust Fund (WORLD BANK REFERENCE 73643) - Multi Donor Fund

UNAUDITED TRUST FUNDS FINANCIAL REPORT

Disbursement details by Grant

Grant	Grant Name	Executed By	Currency	Grant Amount	07/01/2021 to 06/30/2022	06/27/2021 (date of inception) to 06/30/2022
	REPORT TO THE AD HOC LIAISON COMMITTEE					
TF0B8444	Measuring multidimensional poverty in the PECS 2022/2023 national survey	Bank	USD	50,000.00	45,000.00	45,000.00
TF0B8724	WB&G Social Inclusion & Citizen Engagement ASA-PURSE	Bank	USD	35,000.00	0.00	0.00

Notes:

1. This statement is prepared on the modified cash basis of accounting
2. Other costs (where applicable) represent all disbursements incurred prior to July 2000.
3. Administrative fees are generally collected from the trust fund when commitment is made to recipient and at 12% of Bank Executed Trust Funds disbursements.
4. Amounts committed relate to the amounts yet to be disbursed for active and pending recipient executed grant agreements, undisbursed balance of bank executed trust funds and the administration fees to be deducted.
5. Investment income of this trust fund is credited to TF073643 (Palestinian Umbrella for Resilience Support to the Economy Multi-Donor Trust Fund) in accordance with administration agreement(s) and hence forms part of the fund balance of this trust fund.
6. Where applicable, amounts displayed against "staff costs (including benefits)", "Extended Term Consultants/Temporary costs (ETC/ETT)" costs & "Short Term Consultants/Temporary Costs (STC/STT)" costs include charges to cover the cost of benefits and general communication facilities and IT costs unless otherwise specified in the Administration Agreement for the Trust Fund.



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