وزارة المالية

The Palestine Liberation Organization

(for the benefit of The Palestinian Authority)

Palestinian Emergency Financing Facility – Third Additional Financing

(P504704)

Addendum to the Stakeholder Engagement Plan (SEP)

for Retroactive Financing Activities

March 2025

Brief Project Description

The Palestinian Emergency Financing Facility (PEFF) - "Parent Project" was approved with US$30 million to sustain essential public service delivery in the Palestinian territories amidst ongoing fiscal and economic instability. The conflict that erupted in October 2023 has significantly impacted the Palestinian Authority's (PA) ability to finance public sector wages, threatening the continuity of education and healthcare services. The parent PEFF project was designed to address these challenges by providing 100% retroactive financing to partially cover the salaries of 44,840 education employees in the West Bank. Under Component 1, US$29.99 million was allocated to reimburse the November 2023 wage bill, disbursed in December 2023, ensuring the uninterrupted operation of educational institutions. Additionally, US$10,000 under Component 2 was designated for the project audit to verify transactions related to the financed salaries.

To address the PA's worsening fiscal constraints, an Additional Financing (First AF) of US$36.69 million was approved in July 2024 to expand PEFF's support to include the health sector while continuing to finance the education sector's payroll.`1 Additionally, a second Additional Financing (Second AF) was approved on September 30, 2024, also for health and education sectors' employees, for an amount of US$ 80 million, and became effective on October 16, 2024. With both AFs expanding the project audit scope with allocations of US$ 15,000 each under the first and second AFs.

Under the Parent project and the first two AFs, the project has disbursed 99.99 percent of the total funds equivalent to US $146.68 million. Given the ongoing fiscal challenges and revenue shortfalls, a Third Additional Financing (Third AF) of US$79 million has now been proposed to further extend support for the education and health sectors, ensuring the PA can sustain critical public services. The third AF supports the recurrent wage bill of both education and health sector employees in the West Bank for the months of July to September 2024, paid from September 2024 to November 2024 as retroactive financing covering 70% of the paid wages, and allocating another US$15,000 under component 2 for the project audit.

Eligible expenditures remain limited to the wage bill of education and health sector employees in the West Bank, which is disbursed through the electronic payroll system established with support from the World Bank and the European Union. The eligibility criteria, as outlined in the Project Operational Manual (POM), will be used for the Third AF.

With the inclusion of the Third AF, the project timeline will be extended to December 31, 2025, reinforcing its role in maintaining essential public service delivery in the face of ongoing economic and fiscal challenges.

Project Affected and Interested Parties

Project beneficiaries include eligible Palestinian Authority (PA) Ministry of Education (MoE) and Ministry of Health (MoH) employees in the West Bank. The Third AF for the education sector's salaries will also benefit students, their families, and the population at large through continued access to education services. For the health sector, the Third AF will provide benefits to the sick, injured, and persons requiring medical care (including but not limited to Mental Health and Psychosocial Support Services (MHPSS), Primary Health Care (PHC), family planning, surgeries, etc.) and the general population through continued access to healthcare services.

Parties interested include (but are not limited to) families of project beneficiaries, government agencies such as MoF MoE, and MoH, the Ministry of Labor (MoL), Ministry of Social Development (MoSD), teachers' representative associations/unions, medical workers' representative associations/ unions, Community-Based Organizations (CBOs) working in education such as Teacher's Creativity Center, CBOs working in the health sector such as Juzoor and the Palestinian Red Crescent Society (PRCS), Non-Governmental Organizations (NGOs), International NGOs (INGOs), donors, and the media. Vulnerable categories (within both the education and health personnel) include (but not limited to) women-headed households, economically disadvantaged households, households with family members with disabilities, and households in areas affected by security challenges.

Summary of Stakeholder Engagement Under the Parent Project, First AF, and Second AF

During the preparation of the parent PEFF, bilateral consultations with key institutions (IT Financial Department, Development Expenditure Unit, Budget General Directorate, Compliant Unit) were held over the phone on January 28, 2024 (prior to appraisal) to get feedback about the project. Representatives were informed about the proposed project and anticipated risks/impacts and potential mitigation measures. Discussions also focused on the availability and functioning of the grievance mechanism at MoF. All contacted representatives verified that there are no project activity-related social issues to be reported from the retroactive financing period. The project will be of overall benefit to thousands of education personnel families. Further details are available under the Parent Project's SEP accessible through:
https://documents1.worldbank.org/curated/en/099021524081033126/pdf/P5047041d0a934041b6101ce8f13a294b6.pdf

Giiven the continuing security challenges and movement restrictions across the West Bank and the emergency nature of the project, it was not possible to organize a regular stakeholder consultation session. During the preparation of the First AF, bi-lateral consultations were held over the phone on May 26 and 27, 2024 (prior to appraisal) to get feedback about the project. Specifically, bi-lateral consultations were held with representatives of the following: (i) at MOF: Public Relations Unit, Payroll Directorate, Financial IT department, Complaints Unit, DGIRP, and the PIU; (ii) at MoE: Administrative Affairs, and the complaints unit; (iii) at MoH: Human Resources Directorate, Public and Family Health Directorate at PHC, and the complaints Unit; (iv) health sector NGOs: Juzoor, and the Palestinian Red Cresent Society (PRCS). During these discussions, stakeholders were informed about the proposed AF and the progress of the parent project. Discussions also focused on the issues of data privacy, information disclosure, stakeholder engagement and feedback, and grievance redress. In general, stakeholders did not raise concerns regarding the AF's retroactive financing activities and anticipated positive social outcomes due to the parent project and AFs.

Moreover, during the project's social audit, different meetings and interviews were held by the end of May 2024 with different MoF departments, including the DGIRP, PIU, Complaints unit, and Public Relations unit. Further engagements are planned with the Ministry of Education, Ministry of Health, beneficiaries, NGOs representing teachers and health employees, and other MoF departments. The audit will also assess different stakeholder engagement activities and information disclosure mechanisms' adequacy and efficacy that were conducted during the project implementation. The summary of engagements conducted under the audit as well as the assessment of measures will be detailed in the

final audit report that has been disclosed on the MoF website on August 28, 2024, and accessible through the following link: https://www.pmof.ps/documents/projects/palestinianEmergencyFinancingFacility/Social.Audit.Report-AF.pdf.

Summary of Stakeholder Engagement Conducted During Third AF Preparation

During preparation of the third AF, bi-lateral high-level consultations were conducted on February 24, 2025 to get feedback about the project. Specifically, consultations were held with representatives of (i) MOF (Complaints Unit); (ii) MoE (Administrative Affairs); (iii) MoH (Administrative Affairs), and (iv) health and education NGOs and Unions (Teachers Union and Juzoor for health and social development). During the meetings, participants discussed the proposed third AF and the progress of the PEFF and Its previous AFs. The project team shared information regarding the progress and implementation of the PEFF and the previous AFs, in addition to providing the stakeholders with information on the third proposed AF, including coverage period, percentage, amount, and project components, highlighting that the project design will remain the same, with similar eligibility criteria that have been defined in the Project Operations Manual (POM). Stakeholders enquired if an audit will be conducted for the third AF, similar to the previous one that has been conducted for the PEFF and the first AFs, which was confirmed by the project team as being covered under the second component. Attendees, in general, did not have any concerns regarding the third AF and provided an overview of the current fiscal situation and the impacts that it carries on both the health and education sectors. Like the parent project, the first and second AFs, project-affected parties, will be able to raise their concerns and submit their inquiries or complaints regarding payments through the MoF Complaint Unit. MoF's complaints unit confirmed that the other types of complaints, such as those related to hiring, job advancement, promotions, etc., will continue to be handled by the complaints units of respective ministries (MoE for education staff and MoH for health staff) as agreed with both ministries. The GM for the parent project will be used for the third AF. Moreover, the MoF complaints department provided the project team with an overview of the received complaints status, where during the period of June 1 to December 31, 2024, eleven complaints related to the salaries of health and education employees in the West Bank were received. Ten complaints have been resolved and closed according to MoF's GM policies and procedures, and one complaint is currently pending review and resolution.

Stakeholder engagement during project implementation

During project implementation, the Project Implementation Unit (PIU) shall maintain adequate engagement with project stakeholders. Commitments for ensuring stakeholder engagement and maintaining the grievance mechanism are included in the updated ESCP. Engagement with representatives of vulnerable groups will also be ensured. Moreover, a social audit covering the parent project and the first AF was completed and disclosed. The social audit verified that the social issues such as grievance redress, project-related safety issues of beneficiaries, and information disclosure/feedback have been complied with in accordance with the Environmental and Social Standards (ESSs). However, the social audit identified a few areas that can be strengthened to improve the effectiveness of the system, including (a) enhancing public awareness of the GM through further dissemination of information about available complaint tools and procedures, including SEA/SH uptake channels and referral pathways,

and (b) strengthening mechanisms for engaging and receiving feedback from beneficiaries. Commitment to ensuring the implementation of these corrective actions has been included in the third AF ESCP.

Stakeholder engagement during the Third AF implementation will be conducted through available means, whether in person, phone, or virtual meetings, with agreed decisions/minutes of meetings to be included as part of the record. A description of stakeholder engagement measures, including information disclosure/feedback and grievance redress, have also been included in the POM for the parent project which will also be utilized for the Third AF.

Information Disclosure/Beneficiary Feedback

Information disclosure/feedback is primarily done through Facebook. The existing MoF Facebook page will also be used for the project: https://www.facebook.com/PMOFPS?locale=ar_AR. The information disclosure over Facebook will be strengthened through, for example, increasing the frequency of communications and posts and the use of other interactive engagement methods such as radio spots and interviews.

While official documents including project related are published on MoF's website on their project's page: https://www.pmof.ps/index.php# .

MoF also through its public relations unit coordinates and engages with local media and official news outlets to dispose of false rumors and enhance public engagement and information disclosure.

MoF is currently updating its website where the new version will include enhanced features for information disclosure such as news and a link to the electronic complaints system.

Grievance Redress

Project-affected parties will be able to raise their grievances/concerns and submit their inquiries or complaints through the MOF centralized complaint system. The GM will be strengthened to allow receiving anonymous grievances. The GM also has escalation mechanisms that the complainants can resort to.

Project beneficiaries can submit their complaints as follows:

- Electronically via the electronic grievance form that is available at the MoF website **http://www.pmof.ps/pmof/internal.php?var=60** available through the "Contact Us" page.
- government electronic complaint portal available at https://cs.pmo.gov.ps/
- in person to the Head of the Complaint Unit at the MoF
- email at **ikhlasbader2018@gmail.com**
- call to the Head of the Complaint Unit at cellphone +972 (0) 599370517.

The complaints mechanism also deals with complaints regarding sexual exploitation and abuse/sexual harassment (SEA/SH) and includes a referral mechanism for survivors through the national GBV referral system.