وزارة المالية

The Palestine Liberation Organization (for the benefit of The Palestinian Authority)

Palestinian Emergency Financing Facility (P504704) and the Additional Financing

Stakeholder Engagement Plan (SEP)

for Retroactive Financing Activities

June 2024

Brief Project Description

The Palestinian Emergency Financing Facility (PEFF) project, with an initial allocation of US$30 million, has been instrumental in sustaining critical service delivery amidst ongoing conflicts in the Palestinian territories. This conflict has severely impacted the fiscal stability of the Palestinian Authority (PA), hindering its ability to fully compensate public sector employees and maintain essential services like education and health.

The project originally focused on supporting the education sector by partially financing the salaries of 44,840 education employees through 100% retroactive financing, thereby ensuring uninterrupted educational services. Under the parent project's first component (US$29.99 million), the wage bill for the November 2023 education sector's employees, disbursed in December 2023 has been covered. Under component 2 being the Project Audit, US$10 thousand have been allocated for auditing the transactions made under the first component.

Recognizing the continuing urgent needs and to further support the PA's capacity to provide essential services, an Additional Financing (AF) of US$36.12 million to the parent project has been proposed. Under the AF, the project will expand support to include the payment of salaries for health sector employees, addressing an acute need to maintain public health services alongside education. The support includes US$ 24.79 million towards the recurrent wage bill of the education sector's employees, covering 93% of March 2024 payroll paid in May 2024. In addition to US$ 11.3 million towards the reccurent wage bill for health sector's employees for the months of January (partial support) and February 2024 (100% of the 8,000 employees) paid in March and April 2024 respectively. Eligible expenditures will be limited to the wage bill of West Bank education and health personnel, paid through a new electronic payroll system (established with support from the World Bank and the European Union), with eligibility criteria defined in the Project's POM which will be updated for the AF to include health sector employees.

Furthermore, Component 2, concerning the project audit, will also see a scaled-up investment, with the AF adding US$15 thousand to this component to audit the expanded coverage, including both education and health sector salaries.

The Directorate General of International Relations and Projects (DGIRP) at the Ministry of Finance, will continue to oversee the implementation, monitor progress, and handle the financial, procurement, and environmental and social aspects of the project and the AF. The implementation period has been adjusted to accommodate the additional financing, extending the project's closure date till December 31, 2024 and expanding its impact to secure continuity in vital public service provisions during a period of heightened instability.

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 AF for the MoE salaries will also benefit students, their families, and the population at large through continued access to education services. The AF, under the expanded support for the health sector, will provide benefits to the sick, injured, 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, 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

During preparation, 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. In fact, 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

Moreover, during the inception phase of the project's social audit, different meetings and interviews have been held by end of May 2024 with different MoF departments including the DGIRP, PCU, 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.

Summary of stakeholder engagement during AF preparation

Given 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 preparation of the AF, bi-lateral consultations were held over 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 PCU; (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 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 activvities and anticipated positive social outcomes due to the parent project and AF. In terms of data privacy and security, MoF's Financial IT department representative provided an

overview of security measures followed for the sharing of sensitive data (such as personal identifying information (PII) with external parties such as donors or auditors). Discussions held with MoF's Public Relations Department included an overview of the information disclosure mechnism at MoF. This is mainly done through the ministry's official facebook page: https://www.facebook.com/PMOFPS?locale=ar_AR for general news and information, including about salaries. The representative explained that MoF discloses news regarding salaries and payments on a monthly basis and once updates regarding dates of salaries' deposit, remaining arears, and percentages become available. On the other hand, official documents (e.g., related to projects) are published on MoF's website on the projects page: https://www.pmof.ps/index.php# . These mechanisms will also be used for the PEFF project and AF as required. MoF's Public Relations unit explained that the ministry regularly engages with local media outlets and official news channels, through a WhatsApp group, to address and dispel rumors and provide accurate information to the public. The representative highlited that MoF is working on developing a new website with enhanced accessibility and dessimination features – for example, for complaints/grievance redress, timely disclosure and dissemination of information - to strengthen public outreach and citizen engagement. Details of discussion points are available in Annex I.

For complaints redress/grievance mechanism, MoF's Complaints Unit representative explained that complaints regarding payment of salaries and financial compensation are forwarded to MoF's complaints unit, by the PA's unified complaints system at the Council of Ministers. MoF's Complaints Unit will also be used for the PEFF project and project affected parties will be able to raise their concerns and submit their inquiries or complaints regarding payments through this system. Other types of complaints such as related to hiring, job advancement, promotions, etc. are handled by the Complaints Units of respective ministries (MoE for education staff and MoH for health staff). This system/arrangement was also confirmed during consultations with representatives of the complaints units at the education and health ministries. The representative of the MoF Complaints Unit also provided details of the grievance/complaints system under use and explained that complaints regarding SEA/SH are processed at the Unit level through liaison and cooperation with MoF's gender unit. The system also includes survivors' referral mechanisms through the national referral system where, based on the system and survivors' needs and request, cases are transferred to the relevant ministry (i.e., MoSD, MoWA, MoH) . The MoF Complaint Unit representative verified that the unit received a total of 19 complaints between September 1st 2023 – May 26th 2024. 17 of the 19 complaints were classified as eligible for further processing, while 2 were rejected as they were outside MoF's scope. Explanations for not accepting the complaints and recommended further actions were shared with the complainants. Of the eligible complaints, 16 have been processed and resolved while one complaint, submitted in May 2024, is under process. All accepted complaints were regarding delays in payment of salaries and arears. The unit also received phone calls through the complaints system for requests for information and inquiries about salary payments. The social audit will examine the breakdown of the MoF complaints record to look at complaints pertaining to the retroactive financing period (for both health and education payments) and to ensure that cases have been or, in case of outstanding complaints, will be resolved in accordance with policy and procedure.

Stakeholder engagement during project implementation

During project implementation, the PIU shall maintain adequate engagement with project stakeholders. Commitments for ensuring stakeholder engagement and maintaining the grievance mechanism are included in the ESCP. Engagement with representatives of vulnerable groups will also be ensured. Feedback from these groups, as required, will also be included in the social audit. Based on the results of the social audit, the mechanisms for grievance redress and stakeholder engagement will be strengthened during implementation (as required).

The engagement will be conducted through available means whether in person, phone, and virtual meetings with agreed decisions/minutes of meetings to be included as part of the record. The project audit exercise will also include consultation with all key technical institutions and other stakeholders, including vulnerable groups.

A description of stakeholder engagement measures, including for information disclosure/feedback and grievance redress, have also been included in the POM for the parent project. The POM will be revised to include the stakeholder engagement requirements for the AF (addressing the health sector).

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

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 their public relations unit coordinate and engage with local media and offical news outlets to dispose false rumors and enhance public engagement and information disclosure.

MoF is currently updating their 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.

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 the 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 referal system.

Annex I : Summary of Stakeholder Consultation

Sector / Institution	Stakeholder	Discussion Points	Date
MoH	MoH complaints Unit –	• Provided information regarding complaints processes at MoH. • As a complaints unit in MoH, they deal mainly with the service receivers complaints whether in the public or private sector. • in terms of MoH employees complaints, these are transferred to the relevant departments such as the Administrative Affairs. These are not regarding salaries but administrative aspects such as promotions. • No concerns regarding the PEFF AF.	26/05/2024
	Human Resources Directorate	• Expecting positive impacts from the project, the financing will help ensuring continuity of services. • No concerns regarding the PEFF AF.	26/05/2024
	PHC Public and Family Health Directorate	• Provided an outlook on the current situation in terms of financial crisis, he provided information regarding the stress employees are under and the impact on services delivery. • They expect positive impact from the project.	26/05/2024
MOE	Complaints Unit	• Provided an overview of the complaints unit and GM at MoE, where according to the PA complaints system, they are responsible for service-related complaints. • any complaints received regarding to salaries are transferred to MoF. • any other grievances related to workplace, workplace complaints, promotions, and other administrative grievances are submitted to their supervisors. If received by the unit, then they are transferred according to the administrative hierarchy of the employee's contract. • They expect positive impacts from the project.	26/05/2024
	Administrative Affairs DG	• Stressed the importance of the project, he also stated that financial stability is needed to ensure continuity and efficiency of services delivery. • Provided an overview of the current situation under the current financial crisis, where employees' efficiency and service quality is impacted due to salaries shortage. • Stated that it is expected that the project will bring positive impacts. • Stated that there is a need to expand the payroll basis, and work towards a financial stability so the efficiency of services and the employees can be improved. • No concerns regarding the PEFF AF.	26/05/2024
NGOs	Juzoor	• Stated that they expect positive impacts from the project • Provided an overview of the health services delivery where the lack of the financing and salaries demotivates employees and doctors and they start searching for other sources of income.	26/05/2024

		• the lack of salaries also impacts NGOs as they try to coordinate with teachers or doctors , but the emergency shifts, or they cannot move and cover transportation costs for activities. • Stressed the importance of the public sector as it is critical to coordinate and supervise the health organizations work. With the deficit of salaries, employees work on a shift basis with reduced hours. • Had no concerns regarding the PEFF AF, and expects positive impacts, yet stressed the importance of a strategic vision towards a financial sustainability.	
	Palestinian Red Crescent Society (PRCS)	• Stated that supporting the health and education sectors is very important. • Expects positive impacts as these two sectors are vital. • Provided an outlook on the health service delivery, where the interruption of services is affecting clinics especially public ones that are in rural areas serving marginalized groups. • Added that health indicators are being affected due to interruption of services and the limited working program of few days per week. • No concerns regarding the PEFF AF.	26/05/2024
MoF	Public Relations Unit	• Confirmed his knowledge of the project and stated that it is expected to bring positive impacts. • Provided an overview of information disclosure and stakeholder engagement mechanisms at MoF • Stated that they are currently updating the MoF website to include better disclosure features including an electronic link to the complaints system • Stated that they collaborate with general and official media to dispose false rumors and enhance information disclosure. He also provided a brief on their Facebook page being the main source of information dissemination. • No concerns regarding the PEFF AF.	26/05/2024
	Payroll Directorate	• Stressed the importance of the education and health sectors, being vital to the country. • Also discussed the audit aspects and their readiness to cooperate with the auditors. • No concerns regarding the PEFF AF.	26/05/2024
	DGIRP & PCU –	• MoF has held internal discussions through the preparation of the project documents ,E&S instruments, and ESCP within the DGIPR and the PCU. • PA is currently engaging with different international stakeholders regarding the current fiscal situation, which is organized and conducted by the PA as whole.	27/05/2024
	Complaints Unit-	• Discussion included an overview of the project, social aspects, and available grievance redress mechanisms at MoF.	27/05/2024

		• rovided an overview of MoF's complaints system and provided a copy of their guidelines with description of review procedures, timeframes for resolution, and referral mechanisms. • Discussion included also aspects relevant to SEA / SH grievances which are resolved in cooperation with the gender unit at MoF who utilize the national referral system when needed, depending on the case this might be to parties in the system such as MoSD, MoWA, or MoH, and others as needed. • No additional concerns or comments on the PEFF AF.	
	Financial IT Department	• Discussion included an overview of the project and the potential social aspects. • discussion included the audit aspects and data privacy, where PII and other data usually under audits are shared through a secure connection where this has been implemented with EU. this is a preferred method rather than normal emails. • if data is shared through emails, then methods such as encryptions are implemented to ensure security of data. • disclaimers and data privacy clauses are also added to auditors' contracts. • the project is expected to carry positive impacts, no further comments on the PEFF AF.	27/05/2024