وزارة المالية

The Palestine Liberation Organization

(for the benefit of The Palestinian Authority)

Palestinian Emergency Financing Facility – Fourth Additional Financing (PEFF - 4th AF)

(P504704)

Addendum to the Stakeholder Engagement Plan (SEP)

for Retroactive Financing Activities

September 2025

Brief Project Description

The Palestinian Emergency Financing Facility (PEFF) was approved in February 2024 for US$30 million to help the Palestinian Authority (PA) sustain essential public services in the midst of a severe fiscal shock. The parent project provided 100% retroactive financing to partially cover the November 2023 wage bill for approximately 44,840 education employees in the West Bank—US$29.99 million under Component 1—and US$10,000 for the audit under Component 2, ensuring schools remained operational despite salary arrears.

As fiscal pressures deepened, successive Additional Financings (AFs) scaled up support. The First AF (approved July 5, 2024) added US$36.69 million and became effective in July 2024; Both parent and the first AF fully disbursed their funds as retroactive salary payments for eligible civil service employees and audit fees. Both audit and payroll verification Agreed-Upon-Procedures (AUP) engagements were completed on schedule. The audits yielded clean reports with only minor, immaterial observations, and all three trust funds are now closed.

Moreover, the PEFF Project increased its scale through second and third AF. The Second AF, approved October 10, 2024, added US$80 million; and the Third AF, approved April 1, 2025, added US$79.07 million. Together, these operations financed retroactive salary payments for eligible education and health employees and maintained clean audit and payroll AUP results, with cumulative disbursement reaching 99.99% (US$225.77 million). The Project Development Objective (PDO) "to contribute to service delivery in the West Bank" has remained unchanged throughout multiple AF scale up.

The PEFF design remains intentionally simple and unchanged across the Parent and all Afs; The first component funded both education and health retroactive salary payments. For education, these operations covered retroactive salary payments of approximately 252,715 education employees' salaries which were partially paid in December 2023 (parent), May 2024 (first AF), May to August 2024 (second AF) and September to November 2024 (third AF). For health, the cost of approximately 33,378 health employees' salaries were partially paid in March to April 2024 (first AF), June to August 2024 (second AF), and September to November 2024 (third AF). The funds have been deposited in the Single Treasury Account (STA) of the PA. The second component funds the audit of the payments under component 1.

With the same components, the proposed Fourth Additional Financing (4th AF) aims to provide US$95 million from the Trust Fund for Gaza and the West Bank (TFGWB), with US$8.3 million in co-financing from France through the Palestinian Fund for Reconstruction and Development- Multi-Donor Trust Fund (PFRD MDTF) to sustain service delivery by partially reimbursing salaries of eligible education and health employees in the West Bank. Under the 4th AF, education salaries for October 2024–January 2025 (paid December 2024–March 2025) and health salaries for October 2024–March 2025 (paid December 2024–May 2025) are eligible for partial reimbursement of roughly 60–70%. The operation also extends the closing date to December 31, 2026, with a withdrawal deadline of April 30, 2027. Eligible expenditures remain limited to the wage bill for defined categories of MoE/MoH staff per the Project Operations Manual.

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; Education employees are staff that work in institutions providing basic, secondary, pre-primary, and vocational education, these include teachers and other staff

including school principals, janitors, administrative assistants, counselors, and other support staff in the West Bank. On the other hand, health sector employees are staff working in hospitals, primary health care centers, and other public health institutions located in the West Bank, including doctors, nurses, technical specialists, administrative staff, janitors, counselors, and other support staff eligible for payment of salaries, as further detailed in the POM.

The 4th 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 4th 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, Second AF, and Third AF

Parent project (Jan 2024): Prior to appraisal, MoF held short, bilateral phone consultations on January 28, 2024 with core functional units (IT/Financial Systems, Development Expenditure, Budget, Complaints, Directorate General for International Relations and Planning (DGIRP)/Project Implementation Unit (PIU). Discussions covered PEFF scope, anticipated social risks/mitigation, and the availability and functioning of the MoF grievance mechanism (GM). No activity-related social issues were flagged for the retroactive period; stakeholders anticipated net benefits to education employees' households. (See Parent SEP: https://documents1.worldbank.org/curated/en/099021524081033126/pdf/P5047041d0a934041b6101ce8f13a294b6.pdf).

First AF (May 2024): In view of movement/security constraints and the emergency context, regular group consultations were not feasible; instead, bilateral calls were conducted May 26–27, 2024 with: MoF (Public Relations, Payroll, Financial IT, Complaints Unit, DGIRP, PIU), MoE (Administrative Affairs, Complaints Unit), MoH (HR, Public & Family Health at Primary Healthcare (PHC), Complaints Unit), and health-sector NGOs (Juzoor, Palestinian Red Crescent Society (PRCS)). Topics included data privacy, disclosure, stakeholder feedback, and GM operations. Stakeholders raised no concerns regarding the AF's retroactive financing and expected positive social outcomes.

Social Audit engagements (May–Aug 2024): Complementing the above, the social audit undertook meetings/interviews with MoF (DGIRP, PIU/ESO, Complaints, PR), MoE, MoH, and sector NGOs/representatives (e.g., Teachers' Creativity Center, Juzoor, PRCS, General Union of Palestinian Teachers (GUPT)) and ran semi-structured beneficiary interviews informed by the MoF complaints log. The audit confirmed active information disclosure (MoF website page and Facebook notices) but

recommended stronger GM visibility and beneficiary-feedback channels; these corrective actions were carried forward in subsequent ESCPs. The final audit report was disclosed on August 28, 2024 on the MoF website, which can be accessed through: https://www.pmof.ps/documents/projects/palestinianEmergencyFinancingFacility/Social.Audit.Report-AF.pdf.

Third AF (Feb 2025): During preparation, bilateral high-level consultations were held on February 24, 2025 with (i) MoF (Complaints Unit); (ii) MoE (Administrative Affairs); (iii) MoH (Administrative Affairs); and (iv) education/health representatives (Teachers' Union and Juzoor). Discussions reviewed PEFF progress to date and the proposed third AF parameters (coverage period, approximate reimbursement percentage, envelope, and components). The team confirmed that the project design remains unchanged, with eligibility anchored in the POM and payroll processed through the PA e-payroll. Stakeholders asked whether an audit would be conducted for the third AF; the team confirmed Component 2 will continue to finance the independent audit/AUP for the financed period. Participants also covered practical engagement aspects—maintaining MoE/MoH focal points for rapid clarifications on payroll eligibility, continuing MoF website/Facebook notices for disclosure, and ensuring the MoF Complaints Unit remains the entry point for payment-related queries. In line with earlier phases, general HR issues (e.g., hiring, promotions) continue to be handled by the respective ministries' complaints units. No concerns were raised about the third AF retroactive nature; stakeholders emphasized the fiscal pressures on schools and health facilities and the importance of predictable salary flows.

Summary of Stakeholder Engagement Conducted During 4th AF Preparation

During preparation of the 4th AF, a round of bi-lateral consultations was carried out on September 1, 2025 with the Ministry of Education (Administrative Affairs), Juzoor for Health and Social Development, and the Ministry of Health (Administrative Affairs). The project team briefed participants on the progress under the parent project and previous AFs, and presented the structure of the 4th AF, including the coverage periods for the education and health payrolls, the approximate percentage of reimbursement, the overall envelope, and the two components (salary reimbursement and audit). It was confirmed that the project design remains unchanged, with eligibility filtered through the POM and salaries paid through the PA e-payroll system. Stakeholders were reminded that payment-related enquiries and grievances will continue to be received and processed by the MoF Complaints Unit, while broader HR matters (such as hiring or promotions) remain with the ministries' own complaints channels. No concerns were raised regarding the retroactive financing approach; participants stressed the importance of predictable salary flows to sustain schooling and essential health services and asked that disclosures on the MoF website and Facebook continue and be cross-linked to the GM page for ease of access.

In parallel, a physical consultation was held with the MoF Complaints Unit, joined by the MoF E&S focal point, to review the 4th AF objectives and confirm continued implementation of the SEP and ESCP commitments. The Complaints Unit outlined ongoing complaints/ GM operations and service standards. Additionally, during the session, the attendees also consulted with the MoH and MoE sectoral focal points, clarifying the 4th AF objectives and their roles within the complaints/ Grievance Mechanism. The Complaints Unit confirmed it will continue to apply the existing complaints/ GM mechanism as outlined in the SEP, ensuring consistency, transparency, and accountability. Any improvements or changes to the GM will be reported and disclosed on the MoF website. The Complaints Unit also highlighted capacity-building priorities (documentation/archiving routines, social-media responsiveness, and survivor-

centered Gender Based Violence (GBV) referral refreshers in coordination with MoSD). MoF noted it will study internal allocations and mechanisms to address these needs with the relevant departments.

A further session was convened at the Ministry of Education with the General Union of Palestinian Teachers (GUPT), represented by its General Secretary and Deputy General Secretary, alongside MoE representatives (International Relations Department and Social Specialist), and MoF's E&S focal point on September 2, 2025. The team presented the 4th AF parameters, PDO, financing allocations, GM, and coordination focal points and arrangements at both MoE and MoF, as well as discussing strengthening stakeholder engagement in line with the ESCP and SEP, and confirmed that eligibility criteria, payroll processing controls, and the audit under Component 2 remain as in previous phases. The MoE financial specialist summarized the evolution of the first, second, and third AFs. GUPT welcomed the participatory approach and requested that funding allocations be increased to protect salaries in education and health; it also highlighted the role of civil society in mobilizing resources and ongoing efforts with the United Nations and UNESCO to establish an emergency education fund for crises. Participants from MoE emphasized continued collaboration with sector stakeholders. The meeting closed with a reaffirmation of ESCP/SEP commitments and agreement that the existing MoF GM will continue to apply, with any updates to be disclosed on the MoF website.

Consultation session with the General Union of Palestinian Teachers (GUPT), held at the Ministry of Education, Ramallah – September 2, 2025

Stakeholder engagement during project implementation

During AF4 implementation, the DGIRP/PIU at the Ministry of Finance will maintain proactive engagement with the identified project stakeholders, consistent with the SEP and the updated ESCP. The ESCP requires preparing and disclosing an AF4 SEP addendum and then implementing it to ensure stakeholders receive timely, relevant, and accessible information and are consulted in a culturally appropriate manner; these measures will continue throughout implementation.

Engagement will also carry forward the Social Audit's corrective actions. As set out in the ESCP, MoF will redisclose the previously prepared Social Audit for the parent project/AF1 and implement its actions—specifically, improving public awareness of the project GM (including SEA/SH complaint uptake and referral pathways) through MoF channels, and strengthening mechanisms for beneficiary feedback—so that use of the GM and two-way communication improve during the 4th AF.

The project will continue to publicize, maintain, and operate the existing MoF Complaints Unit as the accessible grievance mechanism for PEFF (parent and all AFs). In line with ESCP requirements, the GM will

receive, register, and facilitate resolution of concerns at no cost and without retribution, including anonymously, and will be equipped for safe, confidential, survivor-centered handling of SEA/SH with referral to relevant service providers.

Engagement activities will be conducted through appropriate means (in-person meetings, phone, and virtual), with attendance and agreed actions recorded in concise minutes. 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 has been adopted for the first, second, and third AFs, and which will also be utilized for the 4th AF.

Information Disclosure/Beneficiary Feedback

Similar to the parent project and previous AFs, 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 in line with the social audit's recommendations and the ESCP.

The MoF Public Relations and media unit actively monitor public posts and comments, coordinates responses with the Complaints (GM) Unit, and works with the Salary Department to provide timely statements and interviews on salary disbursement timelines and fiscal updates. This multi-channel approach is complemented by designated focal points at MoE and MoH who relay GM information to employees and help them navigate the process, improving responsiveness and two-way feedback.

Official project documents continue to be disclosed on the MoF website. technical preparations for the launch of the new Ministry of Finance website were finalized during the first half of 2025, pending the official launch, as the electronic complaints form is currently housed under the "Contact Us" section. In line with feedback from the GM Unit, MoF has requested the technical team to add a dedicated GM icon on the homepage to make the complaints page more visible and easier to access. The MoF website can be accessed through: https://www.pmof.ps/index.php# .

Grievance Redress

Project-affected parties may submit complaints through MoF's centralized Complaints Unit. The ESCP requires the MoF to publicize, maintain, and operate this GM so it is readily accessible at no cost and without retribution, including for complaints filed anonymously, and to ensure it is equipped to handle SEA/SH cases safely and confidentially with survivor-centered referral to GBV service providers.

Submissions can be made via:

(i) the electronic form on the MoF website (under "Contact Us");
(ii) the Government Complaints Portal at https://cs.pmo.gov.ps;
(iii) email to the Complaints Unit: ikhlasbader2018@gmail.com;
(iv) mobile: +972 (0) 599 370 517;
(v) and in-person at MoF headquarters.

These channels remain active and are used in parallel with the Ministry's engagement on social media.

For urgent salary-related grievances, the GM escalates cases to the Special Salary Committee—a high-level body comprising the Budget, Salaries, and General Accounting departments—which can authorize exceptional disbursements subject to the Minister's approval. This escalation path has been used during the fiscal crisis to facilitate timely resolutions.

Coordination with MoE/MoH focal points remains a core feature of the GM's day-to-day operations. Focal points liaise directly with MoF departments (Salaries, Legal, General Accounting) to resolve issues informally where possible—an approach that has reduced the volume of formal complaints while ensuring that beneficiary concerns are addressed promptly and recorded.

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.