# SOCIAL AUDIT REPORT

## PALESTINIAN EMERGENCY FINANCING FACILITY (PEFF) PROJECT

## &

## ADDITIONAL FINANCING (AF)

(PROJECT ID: P504704)

*Submitted to:*

**Palestinian Ministry of Finance**

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## List of Acronyms

| | |
|---|---|
| AF | Additional Financing |
| CoC | Code of Conduct |
| DGIRP | Directorate General of International Relations and Projects |
| E&S | Environmental and Social |
| ESCP | Environmental and Social Commitment Plan |
| ESF | Environmental and Social Framework |
| ESO | Environmental and Social Officer |
| ESS | Environmental and Social Standard |
| GDP | Gross Domestic Product |
| GM | Grievance Mechanism |
| GUPT | General Union of Palestinian Teachers |
| MoE | Ministry of Education |
| MOF | Ministry of Finance |
| MOH | Ministry of Health |
| MS | Moderately Satisfactory |
| MU | Moderately Unsatisfactory |
| OHS | Occupational Health and Safety |
| PA | Palestinian Authority |
| PAD | Project Appraisal Document |
| PCU | Project Coordination Unit |
| PEFF | Palestinian Emergency Financing Facility |
| PIU | Project Implementation Unit |
| PLL | Palestinian Labor Law |
| POM | Project Operations Manual |
| PRCS | Palestinian Red Crescent Society |
| S | Satisfactory |
| SEP | Stakeholder Engagement Plan |
| TOR | Terms of Reference |
| U | Unsatisfactory |

## EXECUTIVE SUMMARY

The Palestinian Emergency Financing Facility (PEFF), supplemented by its Additional Financing (AF), was initiated to alleviate the severe fiscal challenges exacerbated by the conflict that began in early October 2023. This social audit was conducted to verify that social impacts, across applicable Environmental and Social Standards (ESS) standards of the World Bank's Environmental and Social Framework (ESF), were addressed and managed as required. .

The social audit comprehensively examined the PEFF and AF's operations, being a retroactive financing operation approved in February 2024, aiming to cover eligible salaries of West Bank health and education sector employees. The social audit's scope included grievance redress mechanisms, beneficiaries' feedback mechanism, labor standards compliance, stakeholder engagement, information disclosure, and reporting. Methodologies employed included primary and secondary data collection, such as document reviews, interviews, and direct observations. The social audit's key findings include the following.

- Grievance Redress Mechanisms: Found to be functional but with noted delays in processing and resolving grievances. While mechanisms are in place, their accessibility and efficiency require enhancement.
- Labor Standards Compliance: Generally satisfactory compliance with local labor laws and ESS2. The contracted firm for the audit has internal policies and systems to manage any workplace related incidents and accidents. No adverse impacts were reported during the audit.
- Stakeholder Engagement and Communication: The project has demonstrated adequate engagement activities initially. However, inclusion needs to be further strengthened by ensuring as required communication and documentation of ongoing consultation and engagement with stakeholders.
- Information Disclosure: Active efforts are noted in updating stakeholders through various platforms; with timely E&S documents disclosure and various outreach activities detailed in Annex IV (Satisfactory).
- Reporting: The project progress reporting schedule has changed due to new additional financing operations. The ESCP will record final commitments for reporting in line with the overall project progress reporting schedule.

Hence, and based on the social audit's findings, it is recommended to enhance the efficiency, visibility, and accessibility of grievance mechanisms (e.g. providing support and capacity building to MoF's complaints unit), ensuring continuous and documented stakeholder engagement, and ensuring timely reporting in line with the agreed project progress reporting schedule.

The social audit concludes that the PEFF has managed to maintain a social performance. While significant efforts have been made to comply with the necessary E&S mitigation measures, there are areas where implementation could be strengthened to ensure better outcomes. Lessons learned highlight the importance of continuous reporting, the need for ongoing stakeholder engagement, and internal monitoring of E&S measures at institutional level.

## 1. BACKGROUND

The ongoing conflict and its aftermath following the October 7th, 2023, events had severe impacts on the Palestinian economy. The overlapping shocks are expected to have widened the Palestinian Authority's (PA) fiscal deficit by 2.5 percent of GDP, resulting in a financing gap of US $516 million, or 3.0 percent of GDP[1]. Total revenues excluding grants are expected to have contracted by 10 percent compared to pre-conflict estimates in 2023, primarily due to the sharp decline in the transfer of clearance revenues, which has continued throughout most of Q4 2023 and early 2024, and a fall in domestic revenues amid depressed economic activity. The lack of sufficient clearance revenues since the outbreak of the conflict has caused the PA to further reduce salary payments during the last three months of 2023. For the months of October and November, 50 and 65 percent of the total monthly salary bill was paid, respectively, on December 30th, 2023. For the month of December, 60 percent of the monthly salaries were paid on February 7th, 2024. To finance the latest salary payments, the PA increased its borrowing from domestic banks by US $400 million, raising its exposure near the all-time high registered during the COVID-19 pandemic.

In the education sector, the ongoing financial instability has forced schools to intermittently shift to distance learning modalities and later, to a partial resumption of physical classes. Due to similar challenges within the health sector, the delivery of medical services is also increasingly compromised due to financial constraints. Since November 2023, and due to the cuts in salaries to civil servants, a government decree was issued that allowed civil servants to work two days a week instead of the regular five until payments become more regular. Public health facilities have, therefore, been open approximately eight days per month. In spite of this and due to the high demand, visits to public health facilities have not decreased significantly.

## 2. PROJECT DESCRIPTION: THE PEFF AND 1AF

The Palestinian Emergency Financing Facility (PEFF), with the Project ID (P504704) is an operation funded by the World Bank for the benefit of the Ministry of Finance (MoF), designed to address the acute financial crisis in the Palestinian territories, particularly in the education and health sectors of the West Bank. The conflict that erupted in early October 2023 has exacerbated the existing fiscal constraints, significantly impacting the Palestinian Authority's ability to maintain essential public services, including the payment of education and health sectors' salaries.

The PEFF is composed of the original parent project, approved in February 2024 with a total amount of US $30 million, and a first Additional Financing (1AF) that has been proposed in May 2024 with an amount of US $36.12 million.

The Parent PEFF, with a US$ 30 million allocation, has been designed to provide retroactive financing to ensure the continuity of education services by covering the salaries of approximately 44,840 education employees for November 2023. The PEFF has been approved by the World Bank on February 20, 2024 and became effective on February 29, 2024, designed to include two components;

- **component 1: Education sector employees' salaries (US$ 29.99 million), and**
- **component 2 – Project Audit (US$ 10 thousand).**

In May 2024, an Additional Financing (1AF) has been proposed to the parent project to extend its support amidst the persisting fiscal challenges, the 1AF aims to expand the PEFF's scope initiated under the parent project and to include eligible health sector employees' salaries while continuing the support for the eligible education sector employees as well, where both operations are limited to the West Bank, this will ensure the continued delivery of vital public services. With an additional US$ 36.12 million, the proposed AF's first component will

[1] World Bank: https://documents1.worldbank.org/curated/en/099020724153591977/pdf/P5047041d5afd50c18b731ac5b531e3510.pdf

entail 100% retroactive financing covering US$24.79 million allocated to support 93% of the March 2024 education sector payroll, with payments made in May 2024. Additionally, US$11.33 million is designated for the health sector payroll covering January 2024 wage bill (partial) and February 2024 (100% for all 8,000 health employees), which were disbursed in March and April 2024 respectively. The second component – Project Audit, will also be expanded by adding another US$ 15 thousand to this activity, broadening the audit's scope to entail the first AF activities as well.

Hence, under the first AF, the project components and disbursement categories are as follows;

**Table 1: PEFF Disbursement Categories (USD)**

| Component | Category | Parent PEFF | Additional Financing | Total Project Amount after AF |
|---|---|---|---|---|
| Component 1 | Education Employees' Salaries | 29,990,000 | 24,790,000 | 54,780,000 |
| Component 1 | Health Sector Employees' Salaries | 0 | 11,315,000 | 11,315,000 |
| Component 2 | Project Audit | 10,000 | 15,000 | 25,000 |
| Total | | 30,000,000 | 36,120,000 | **66,120,000** |

# 3. SOCIAL AUDIT SCOPE, OBJECTIVES, AND LIMITATIONS

## 3.1. SCOPE AND OBJECTIVES

The social audit is an integral part of the overall PEFF Project audit under Component 2, where MoF has contracted EY to conduct the project audit. The project audit entails financial and technical audit of expenditures in accordance with the project's grant agreement and the eligibility criteria included in the POM. This social audit on the other hand will assess the social impacts of the parent project and additional financing, specifically examining how well the project and 1AF have managed social risks including adhering to applicable labor standards and engaging with stakeholders. Given the emergency nature of the funding and the rapid implementation requirements, the social audit will also evaluate the adequacy and effectiveness of grievance redress mechanisms, the robustness of labor management practices, and the transparency of information disclosure to stakeholders. The audit will focus on the following areas in accordance with the TOR for this social audit:

**1. Audit Preparation and Planning**

- Social Audit Workplan and Inception Report: An inception report and workplan have been prepared in May 2024. This report has been shared by the MoF with the World Bank and has been cleared.

- Kick-off Meetings**:** Initial meetings with relevant parties, including Ministry of Finance departments, project team members, and the relevant departments at MoH and MoE have been set to discuss audit scope and gather preliminary insights.

**2. Grievance Redress Mechanisms**

- Assessment of Mechanisms: Examination of available mechanisms for addressing and resolving grievances reported by stakeholders relevant to the scope of the PEFF in regard to salaries / reimbursements, focusing on their efficiency, accessibility, and effectiveness. This assessment includes the mechanisms available to eligible beneficiaries in the West Bank in line with the POM and will include the examination of GBV (SEA / SH) referral system.

- Review of Process Effectiveness: Analyze the timeliness of response, and accessibility of the mechanisms.

**3. Labor Practices and Standards**

- Labor Conditions Assessment: Evaluate labor conditions of project workers against the Palestinian Labor Law and Legislations, and ESS2 as applicable, as outlined in the POM.

**4. Stakeholder Engagement and Communication**

- Stakeholder Engagement Activities Analysis: Assess the adequacy and effectiveness of strategies used to inform and involve project beneficiaries (at both education and health sectors) and other identified stakeholders as outlined in the ESCP and POM.

**5. Information Disclosure and Transparency**

- Information Availability Assessment: Evaluate the transparency of the reporting processes and the availability of information to the public.

**6. Documentation and Record-Keeping**

- Documentation Inspection: Review documentation and records related to social aspects such as grievance redress, stakeholder engagement, progress reporting, and labor management.

**7. Advisory on Grievance and Complaints Handling Mechanisms**

- Efficiency and Efficacy Analysis: Review and provide an advisory opinion on the adequacy of worker and community grievances, and complaints handling mechanisms, including features for handling complaints of sexual exploitation and abuse/sexual harassment.

### 3.2. AUDIT LIMITATIONS

The social audit encountered several limitations that may affect the breadth and depth of the findings. Firstly, the ongoing conflict and associated security concerns and restricted access to certain areas and populations including closures of intra-urban roads and checkpoints (e.g., continuous closures of roads between middle and north west bank), where in some cases, especially relating to beneficiaries' interviews, phone engagements were conducted. Beneficiaries for the interviews were selected based on the grievances log at MoF, where interviewed beneficiaries were ones who submitted complaints during the project's implementation period. Secondly, due to the rapid deployment of the project's interventions, some documentation and stakeholder feedback mechanisms were not fully established or consistently maintained, limiting the historical data available for review. Additionally, the reliance on virtual communication for some stakeholder interviews may have influenced the depth of interactions and the quality of responses received. These limitations have been acknowledged in the analysis to ensure transparency and to contextualize the findings within the constraints encountered during the audit process.

## 4. SOCIAL AUDIT METHODOLOGY

### 4.1. METHODOLOGICAL APPROACH

**1. Document Review**

- A comprehensive review of all relevant project documentation, including the E&S instruments (i.e., ESCP, SEP, and ESRS), reports, POM, grievance mechanisms, stakeholder engagement activities records, contracts, and communication materials.
- Review of policies and procedures related to labor management, stakeholder engagement, and grievance mechanisms.

**2. Interviews and Meetings**

- Conduct semi-structured meetings and interviews with key project stakeholders, including the PIU, MoF departments, MoH, and MoE, and project beneficiaries which were selected as described in section 3.2.

3. **Secondary Data and Project Documents Review**
   - Following the meetings and interviews, received additional documents pertaining to the PEFF will be reviewed and assessed in line with legislations, ESF and ESSs, and relevant standards and benchmarks.
4. **Triangulation**
   - Employ triangulation by comparing information from different sources (documentary evidence, interviews, and direct observations) to confirm findings and enhance the credibility of the conclusions drawn.
5. **Results Assessment**
   - Conduct results assessment to identify potential issues, risks, and impacts in terms of social aspects relevant to the PEFF operations.
   - Suggest measures to mitigate identified risks, ensuring the audit findings are robust and reliable.
6. **Ethical Considerations**

- Adhere to strict ethical standards in the collection and handling of data, particularly sensitive information.
- Compliance with all local and international laws applicable to data protection and privacy during the audit process.

7. **Reporting**

- Development of a comprehensive final audit report, incorporating all data, findings, recommendations, and lessons learned.

## 4.2. DATA COLLECTION

Following a kick-off meeting for the social audit assignment with MoF Directorate General for International Relations and Projects (DGIRP) on April 29th 2024, as well as follow up kick-off meeting with the PIU's ESO on May 19th 2024 it was agreed that the main information collection strategies will be based on primary and secondary data collection.

- **Primary Data Collection:**
  - Key informant and stakeholder interviews were the main form of primary data collection during the preparation of the Audit. The range of stakeholder interview targets is provided in the following sections discussing visits and stakeholders' engagement. Semi-structured interviews have been conducted with project beneficiaries who are eligible under the criteria detailed in the POM and who were selected as described in section 3.2. In addition, key informant interviews were conducted with MOF, MoE, MoH, as well as health and education sector representative NGOs.
  - On June 29th 2024, and following obtaining the complaints log from MoF's complaints unit, semi-structured interviews with project beneficiaries were conducted. The details and remarks received during these interviews are detailed in Annex III, reflected in the detailed social audit checklist in Annex I, and have informed the findings of the social audit in the following sections, particularly in relation to information disclosure and the complaints system.
  - Additionally, meetings with key stakeholders have been conducted, mainly with MoF, MoE, and MoH different departments, as well as health and education sector NGOs. Details of meetings and engagements are available in Annex II.
- **Secondary Data Collection: I**nstruments for collecting data and information from stakeholders were agreed to be:
  - Document/literature review: The auditing Consultant reviewed all project documents and ES instruments. This includes the project's PAD, ESCP, SEP, and POM. Document review included as well the GM guidelines, the contract of the audit firm, and the relevant procedures of MoF.
  - Logs: Logs pertaining to the complaints system of MoF have been reviewed. No other logs have been created for the project per the interview conducted with the ESO.

- **Detailed Audit Checklist:** Based on the mapping of identified WB standards per the PEFF Parent ESCP and the updated AF ESCP, the audit confirms that ESS1, ESS2, ESS4, and ESS10 are the only standards that are applicable to the PEFF and its AF. As such, and given the scope and methodology of the Social Audit, a social audit checklist has been developed (Annex I) to assess the outlined aspects in section 3.2.

## 5. APPLICABLE LAWS, POLICIES, AND REGULATORY FRAMEWORK

The findings of the social audit detailed in this report confirm that The PEFF and its AF are compliant to all relevant national laws, legislation, and policies. Including;

- Palestinian Labor Law (PLL) No.7 of 2000.
- Palestinian Public Health Law No.20 of 2004.
- Minimum Wage Act No. 4 of 2021.
- Cabinet of Ministers Decision No.8 of 2016 on Complaints system.
- Civil Service Law No.4 of 1998 and its amendments

Additionally, and in accordance with the ESCP, the PEFF is designed in compliance to the World Bank's Environmental and Social Framework (ESF), and its applicable ESSs as detailed in section 4.2. above. The following section, and the detailed social audit checklist in Annex I detail the findings and compliance of the PEFF and the AFF against the ESSs and the E&S instruments of the project.

## 6. ENVIRONMENTAL AND SOCIAL MANAGEMENT OF THE PEFF

Both the Parent PEFF and the AF's environmental and social aspects have been managed in accordance with the applicable national legislation and the World Bank ESF as detailed in section 5. Due to the simple nature of the PEFF, being a retroactive financing operation, Stakeholder Engagement requirements have been incorporated into the PEFF Parent Project's ESCP under ESS10: Stakeholder Engagement and Information Disclosure, the ESCP for the Parent Project has been disclosed on MoF website on the 15th of February 2024, and can be accessed through: https://www.pmof.ps/internal.php?var=palestinianEmergencyFinancingFacility.

In addition to the ESCP, the Parent PEFF has the E&S requirements, particularly the social aspects given that the project's environmental risk is assessed as low and where the social risk is assessed as moderate, detailed in the Project's Operations Manual (POM). The POM covers areas relevant to; (i) Labor management, especially contracted workers and workers' GM, (ii) information disclosure and beneficiary feedback, and (iii) grievance redress. Additionally, the POM contains measures relevant to stakeholder engagement, E&S reporting, and GBV (SEA / SH) grievance referral mechanism.

Moreover, for the 1AF, the project's standalone SEP was updated and disclosed on MoF website on the 4th of June 2024. The updated SEP provides an overview of stakeholder engagement activities conducted during the preparation and implementation of the parent PEFF, as well as the stakeholder consultations conducted during the preparation of the 1AF, in addition to stakeholder engagement requirements throughout the project's implementation reflecting the expanded scope of the PEFF to also include the eligible health sector employees. The ESCP has also been updated to reflect the requirements of the 11AF and to ensure that the social audit also covers the 1AF. Both the updated ESCP and SEP can be accessed at the MoF website through: https://www.pmof.ps/internal.php?var=palestinianEmergencyFinancingFacility. The POM is expected to undergo updates in accordance with the updated ESCP no later than the AF project's effectiveness.

## 7. SOCIAL AUDIT FINDINGS

MoF has prepared the above-mentioned E&S documents, as applicable, for the implementation of the Project. These documents, (i.e., the ESCP, SEP, and the E&S section in the POM), were included in, and considered the base for, executing the project's activities.

After analyzing the data received and collected from the MoF, MoE, MoH, and stakeholders including vulnerable and marginalized groups representative NGOs, and beneficiaries, the E&S audit findings revealed that the project is moderately compliant with its E&S commitments. During the interviews, semi-structured interviews, meetings, and bi-lateral phone meetings conducted for the primary data collection, stakeholders and beneficiaries stated that they are pleased with the project implementation and the overall positive social value it brings given the ongoing fiscal crisis. Nevertheless, several minor non-compliances have been observed and reported; where for beneficiaries the main aspects pertain to the timeframe for resolution of complaints, and the lack of publicizing and general knowledge of the available complaints system, beneficiaries stated that enhancements in regards to communications are needed to strengthen the system. Other stakeholders such as NGOs did not have any comments in regard to the project's social performance and highlighted the need for continuous stakeholder engagement to ensure adequate information dissemination. The social audit parameters and findings are detailed in Annex I: detailed social audit checklist and an overview of the PEFF compliance to its E&S measures and management documents are highlighted in the following sections;

## 7.1. E&S CAPACITY

Both the parent PEFF and the AF are being implemented by the MoF. The Directorate General of International Relations and Projects (DGIRP) at MoF is the formal Project Implementation Unit (PIU) overseeing project implementation, monitoring progress, and reporting on all project-related aspects, E&S included. Over the last few years, MoF has developed a satisfactory capacity for the management of E&S risks and impacts in accordance with the Bank's ESF. In addition to PEFF, MoF is also currently implementing other World Bank-funded projects under the ESF. These projects are being implemented through a Project Coordination Unit (PCU) established at the MoF. The PCU has developed adequate and dedicated capacity for E&S risk management. The Environmental and Social Officer (ESO) at the PCU has also been supporting the PIU in the PEFF and AF preparation and implementation. However, the ESO has resigned recently and the MoF has assigned an E&S specialist for the E&S management. The PCU E&S Specialists have participated in and benefitted from multiple World Bank-provided trainings (in-person and virtual) to strengthen ESF capacity and implementation in the Palestinian Territories. These include both ESF overview trainings (e.g. 5-day ESF in Practice) as well as deep dive sessions on specific topics such as labor management, occupational health and safety (OHS), and management of sexual exploitation and sexual abuse/sexual harassment risks (SEA/SH).

## 7.2. ESCP IMPLEMENTATION

The ESCP, given the simple nature of the PEFF operation, contained proportionate and streamlined measures that facilitated the fast-paced nature of the project. The following provides an overview of the findings of the detailed social audit checklist in Annex I in relation to the ESCP;

- **Regular Reporting:** By the time of conducting this audit, the E&S progress reports have not been submitted for the World Bank. As per the updated ESCP for the 1AF, the MoF shall submit two reports as part of the overall project progress reporting to the Bank on September 29, 2024 (the first report), whereas the second report within 45 days of the agreed upon project Closing Date (December 31, 2024).

- **Incidents and Accidents:** No incidents or accidents have been reported. Such occurrences have been revisited during the interviews, where the DGIRP and the ESO confirmed it. Incidents have also been discussed with the audit firm, who confirmed that they did not have any incidents or accidents during the implementation of the audit assignment.

- **Eligibility Criteria:** the POM has been reviewed and includes adequate delineation of eligibility criteria in line with the project's documents. Further audit and verification are being conducted by the audit firm, who shall, in turn, submit a detailed audit report and a management letter.
- **Labor Rights and Working Conditions:** The PEFF ESCP identifies the audit firm's workers as contracted workers to whom ESS2 requirements apply. The audit revealed that there has been a lack of incorporation of relevant ESS2 measures into the audit firm's contract. The social auditor has received a copy of the contract for review and has conducted an interview with the audit firm who confirmed not receiving information and requirements on the different ESS2 measures, including the workers' GM, GBV (SEA / SH) referral mechanism, and code of conduct. Other aspects have been verified to be in line with the PLL such as minimum age, minimum wage, and forced and child labor, which were found to be in compliance. Further details of the findings are in Annex I. In terms of direct workers, the PIU workers included, are civil servants who in accordance with the ESCP and the ESF's ESS2 remain governed by the terms and conditions of their existing contractual arrangements, where applicable provisions of ESS2 such as child labor, OHS, and minimum age have been checked and the project has been found to be compliant with the ESCP, national laws, and ESS2. Same with the E&S focal point, who is the ESO of MoF who is a direct worker, and whose contract, terms of work, and labor rights and working conditions have been found compliant with the requirements of ESS2.

In regard to ESS2 and contracted workers, it is also worth noting that the contracted audit firm has internal procedures that address the required E&S measures under the ESCP, during the meeting conducted with the audit firm, the following were discussed and reviewed;

- Code of Conduct: The audit firm has its own employee CoC which is approved by its international management and headquarters and each employee signs as part of their onboarding process. A copy was requested for review but unfortunately, due to company policy, this was not possible. Nevertheless, its main titles and content have been overviewed in the meeting and it complies with the requirements of ESS2 and the E&S measures under the ESCP.
- Workers' Grievance Mechanism: The audit firm has an internal Workers' GM in accordance with their internal procedures, which is managed by the company's human resources. The details of the GM could not be received but were overviewed in the meeting. And the internal measures do conform to ESS2 requirements.
- GBV (SEA / SH) Grievance Redress: The audit firm's representative did not ascertain the availability of such measures.
- Labor Rights and Working Conditions: The audit firm has been found to be in compliance with relevant national laws including the PLL, minimum wage act, and measures on OHS, child labor, forced labor, and other aspects of national laws and legislation, as well as ESS2.
- Ethics Hotline: The audit firm displayed their ethics hotline which is used to report any misconduct either in the workplace or in business interactions.
- E&S Relevant Trainings and Capacity Building: The contracted workers at the audit firm receive periodic trainings and capacity building by their regional and international headquarters including on the code of conduct, business ethics, and other aspects.
- Audit Firms Compliance with the Contract: During the meeting and interview, it was noted that one of the contracted workers assigned to the project, whose name is included in the audit contract has left the company and has been replaced. The audit firm did not provide a notice to MoF in accordance with the contract's Clause 11, subclause (b).

- **Stakeholder Engagement:** Given the short duration of implementation and the nature of the project being a retroactive financing project, no stakeholder engagement activities have been conducted beyond the project preparation consultations, where none have been reported during the parent project

implementation. Meanwhile, various activities have been conducted during the social audit in line with the ESCP requirements, which are detailed in Annex II.

- **Information Disclosure:** Project-related documents have been disclosed on the MoF website. Salary and arrears-related information are disclosed on a monthly basis with additional information on the MoF official Facebook page, information disclosure on Facebook is overviewed in annex IV.
- **Grievance Mechanism:** The MoF has a well-staffed complaints unit with a qualified head of unit and experienced staff. The complaints procedures are regulated through Cabinet Decision No. 8 of 2016 on the complaints system and Cabinet of Ministers General Secretary Decision No. (17/20) on the Complaints and provide detailed forms, uptake channels, handling procedures, and resolution timeframe. However, during the semi-structured interviews with the beneficiaries, all stated that they did not have prior knowledge of the system and found out about it through other people. There seems to be insufficient awareness and outreach on the GM, where no publicization activities have been conducted during the project's implementation period. Additionally, the system could benefit from strengthening in archiving and documentation as 6 out of the total reviewed complaints were closed after the required timeframe, where these delays stem from processing delays from the concerned departments and the time taken to take a decision on the solution for the complaint. Additionally, all accepted complaints during the project's implementation period were related to financial entitlements, delays in payment of salaries, and arrears. There seemed to be areas of improvement in terms of document keeping, where for some complaints, supporting documents and information were not available. Further details of the complaints system social audit are available in Annex I.
- **GBV (SEA / SH) Referral Mechanism:** The mechanism is detailed under the POM and should be disseminated and disclosed to stakeholders during the project implementation through the different engagement activities that were required and through information disclosure mechanisms. For project beneficiaries and direct workers, who are civil servants, the MoF has mechanisms for the referral of GBV (SEA /SH) grievances through the MoF Gender Unit. The GBV referral mechanism was overviewed during the social audit interviews and meetings, where it was noted that no publicization activities for the referral mechanism, or the complaints system in general, have been conducted during the project's implementation period up to the date of this report. For contracted workers, the audit firm stated that they have internal workers' GM procedures which include GBV (SEA / SH) grievances, and which are covered in their CoC.

## 7.3. SEP IMPLEMENTATION

The SEP under the parent PEFF has been integrated under ESS10 of the ESCP which has been discussed in section 7.2 above. For the first AF, the project SEP has been updated and disclosed during project appraisal, the updated SEP was disclosed on MoF's website on June 04th 2024, and can be accessed through: https://www.pmof.ps/internal.php?var=palestinianEmergencyFinancingFacility .

As the 1AF was not yet effective at the time of the audit, project preparation consultations have been found adequate and the same measures and recommendations shall apply to the 1AF as well.

## 7.4. POM E&S MEASURES

The POM is expected to be revised and updated no later than the 1AF Project effectiveness date. However, as the 1AF was not effective yet at the time of this audit, the social audit's scope pertains to the parent PEFF POM.

The POM details the project's operational procedures and details E&S measures to be implemented in line with the ESCP. Additionally, the POM details the project's eligibility criteria which have been separately audited by the audit firm contracted under component 2 of the project to conduct an ex-post independent audit. The audit

firm will issue a detailed audit report with a management letter detailing the findings of the retroactive financing operation and the MoF compliance with the eligibility criteria.

The POM details the E&S mitigation measures applicable to the project, and which pertain to;

- **The ESCP:** discussed in detail in section 7.2 and in Annex I.
- **Stakeholder Consultations:** detailed in section 7.3 and in Annex I.
- **Information Disclosure:** Detailed in section 7.2 and in Annex I.
- **Environmental and Social Reporting:** no reports have been prepared and submitted contrary to the requirements detailed under the ESCP.
- **Labor Rights and Working conditions:** Detailed in section 7.2 and in Annex I.
- **Grievance Mechanism:** Detailed in section 7.2 and in Annex I.

## 8. CONCLUSION AND CORRECTIVE ACTIONS

The PEFF and 1AF represent a fast-paced, emergency retroactive financing operation designed to address urgent fiscal challenges in the Palestinian territories, particularly within the education and health sectors. The project is characterized by low environmental risks and moderate social risks. Throughout the social audit, it was observed that while there has been commendable compliance with most of the mitigation measures detailed in E&S management documents such as the POM and the ESCP, areas requiring strengthened implementation were identified. For example, the complaints system, though well-established, revealed the necessity to enhance public awareness, as beneficiaries were largely unaware of an online government complaints portal which limited their ability to submit grievances.

Based on the social audit conducted for the Palestinian Emergency Financing Facility (PEFF) and its first Additional Financing (1AF), a summary of the findings can be drawn as follows:

- Grievance Redress Mechanisms: Found to be functional but with noted delays in processing and resolving grievances. While mechanisms are in place, their accessibility and efficiency require enhancement.
- Labor Standards Compliance: Generally satisfactory compliance with local labor laws and ESS2. The contracted firm for the audit has internal policies and systems to manage any workplace related incidents and accidents. No adverse impacts were reported during the audit.
- Stakeholder Engagement and Communication: The project has demonstrated adequate engagement activities initially. However, inclusion needs to be further strengthened by ensuring as required communication and documentation of ongoing consultation and engagement with stakeholders.
- Information Disclosure: Active efforts are noted in updating stakeholders through various platforms; with timely E&S documents disclosure and various outreach activities detailed in Annex IV (Satisfactory).
- Reporting: The project progress reporting schedule has changed due to new additional financing operations. The ESCP will record final commitments for reporting in line with the overall project progress reporting schedule.

Hence, and based on the social audit's findings, it is recommended to enhance the efficiency, visibility, and accessibility of grievance mechanisms (e.g. providing support and capacity building to MoF's complaints unit), ensuring continuous and documented stakeholder engagement, and ensuring timely reporting in line with the agreed project progress reporting schedule.

The social audit concludes that the PEFF has managed to maintain a social performance. While significant efforts have been made to comply with the necessary E&S mitigation measures, there are areas where implementation could be strengthened to ensure better outcomes. Lessons learned highlight the importance of continuous

reporting, the need for ongoing stakeholder engagement, and internal monitoring of E&S measures at institutional level.

**Corrective Actions:**

- **Enhance Information Dissemination and Public Awareness of Project GM:** The effectiveness of grievance mechanisms is directly tied to stakeholder awareness. Proactive measures to educate and inform beneficiaries about available complaint portals and procedures are essential to enhance the usability and effectiveness of these systems. Where it has been witnessed that while the existing complaints system is proficient, the low number of complaints received within the examination period renders it less effective than could have been expected. The same can be noted for the GBV (SEA / SH) referral mechanism which requires efforts to enhance stakeholders' awareness of its existence, its uptake channels, and procedures through the MoF's different portals.

- **Strengthen mechanisms for engaging and receiving feedback from beneficiaries**: MoF should engage beneficiaries and receive their feedback through clear communication channels on salaries and arrears. MoF's website and social media should be a model for handling all critical project information, including grievance mechanisms.

- **Enhance MoF's Staff E&S Capacities:** Continuous training programs are necessary to equip staff with the necessary skills and knowledge on E&S measures, improving the implementation and management of environmental and social safeguards.

## 9. SOCIAL AUDIT CORRECTIVE ACTION PLAN

Table 2: PEFF Social Audit Recommendations

| Category / Aspect | Action | Success Indicator | Implementation Responsibility | Timeframe for Implementation | Monitoring Responsibility | Budget |
|---|---|---|---|---|---|---|
| **Enhance Information Dissemination and Public Awareness of Grievance Mechanism and Beneficiaries' Feedback** | Ensure the inclusion of the link to the complaints portal at the new MoF website | MoF to share the link of the complaints portal in the MoF website | MoF Public Relations Unit | By no later than end of July 2024 | MoF ESO | No additional Budgetary Requirements |
| | MoF to strengthen information disclosure on the GM through its media outlets, including SEA / SH referral mechanisms | MoF to implement GM beneficiary and stakeholder outreach through Facebook and website, at least 1 post to be published on the GM | MoF Public Relations Unit | By no later than end of July 2024 | MoF ESO | No additional Budgetary Requirements |
| | A brief of the Complaints System to be provided on the MoF new website | MoF to share the link of the complaints page with the brief included. | MoF Public Relations Unit<br><br>MoF Complaints Unit | By no later than end of July 2024 | MoF ESO | No additional Budgetary Requirements |
| | Other uptake channels such as the complaints phone number to be included on the webpage | MoF to share the link of the complaints page with the uptake channels. | MoF Public Relations Unit<br><br>MoF Complaints Unit | By no later than end of July 2024 | MoF ESO | No additional Budgetary Requirements |
| | Strengthen the MoF Complaints Unit to further digitize and enhance the archiving of complaints. This includes an internal electronic system for filing, sorting, and archiving. | A needs assessment to be conducted by MoF for the strengthening of the complaints unit archiving system. | MoF Complaints Unit<br><br>MoF Procurement department | By no later than end of November 2024 | MoF ESO<br><br>MoF DGIRP | Price quotation to be estimated following the conclusion of the complaints |

| | | | | | | |
|---|---|---|---|---|---|---|
| | Other technical skills support include uptake of complaints, handling, processing, and archiving. | | Directorate General of Budget | | | unit needs assessment.<br><br>2-day training is estimated around 500$. |
| | Maintain stakeholder engagement throughout the AF implementation in line with the updated SEP and ESCP. | Stakeholder engagement log availability | MoF ESO | Throughout project implementation | MoF DGIRP | No additional Budgetary Requirements |
| **Enhance MoF's Staff Capacities** | Strengthen the E&S capacities of the PCU | Enroll in Bank's E&S online training | PCU staff | Throughout project implementation | MoF | No additional Budgetary Requirements |

## ANNEX I: DETAILED SOCIAL AUDIT CHECKLIST

- *Refer to section 4.2 for clarifications on the classification of status.*

**Table 3: Detailed Social Audit Checklist**

| No. | Category | Issue / Aspect | Evidence and Observation | Interviewee | Reference | Strengthening Measures / Corrective Actions |
|---|---|---|---|---|---|---|
| 1 | Grievance Mechanism and Beneficiaries' Feedback | Is there an accessible and effective Grievance Mechanism available for the beneficiaries and the public? | MoF Complaints Unit has been interviewed, the Complaints unit utilizes the complaints guidelines as issued by the cabinet of ministers. The guideline details the complaints resolution framework, timeline, forms, and institutional framework for the receipt, processing, management, resolution, confidentiality, closing, and archiving.<br><br>The guidelines detail complaints that can be accepted or rejected depending on their type. This system is relevant to civil servants who remain under their contracts, and despite that the system does not allow for anonymous complaints unlike the ESF requirements, this is not relevant.<br><br>The guidelines also regulate the processing of complaints through the digital system established at the level of the Cabinet of Ministers, and where complaints, depending on their relevant ministry, are transferred to. | ○ Head of Complaints Unit at MOF<br><br>○ Complaints Unit Employees at MOF | ○ Cabinet of Ministers Decree No.8 of 2016 on Complaints System and the Procedures and Forms Handbook<br>○ Cabinet of Ministers General Secretary Decision No. (17/20) Regarding the Complaints System Handbook | NA |
| 2 | | Have the information on the Grievance Mechanism been disclosed to beneficiaries and stakeholders? Are they available through MoF Website or other media | The MoF website contains the e-mail of the complaints unit: https://www.pmof.ps/internal.php?var=62, additionally, the beneficiaries and stakeholders can submit complaints through the electronic system at the Cabinet of Ministers: https://cs.pmo.gov.ps/portal/#/. | ○ PIU<br><br>○ Public Relations Unit at MOF | ○ MoF Website<br>○ MoE Website<br>○ MoH Website<br>○ Cabinet of Ministers | ○ Ensure the inclusion of the link to the complaints portal at the new MoF website |

| No. | Category | Issue / Aspect | Evidence and Observation | Interviewee | Reference | Strengthening Measures / Corrective Actions |
|---|---|---|---|---|---|---|
| | | outlets? Have they been included in stakeholder engagements? | However, for the PEFF there have not been any stakeholder engagement activities during the project implementation period other than project preparation consultations and AF consultations which were documented by the PIU in the ESCP and updated SEP. There have not been any activities for the publication and awareness of the GM.<br><br>Additionally, as the MoF website is undergoing an update according to the Public Relations Unit's representative, the link to the Cabinet of Ministers' complaints portal is not available on MoF Website .<br><br>Nevertheless, the websites of MoE and MoH contain the links to the government complaints system, which the beneficiaries can access given that they work in the health and education sectors.<br><br>This is also shown by the number of complaints received during the project implementation period, where complaints received between October 2023 and May 2024 were only 14, a relatively low number compared to the situation, number of beneficiaries, and the timeframe of sampling.<br><br>Interviews with beneficiaries have further confirmed this. Where all interviewed beneficiaries who submitted complaints stated that they did not previously know of the system and found out about it from colleagues who previously had experiences in submitting complaints. | ○ MoH Administrative Affairs<br>○ MoE Administrative Affairs<br>○ MoH and MoE Sample beneficiaries | Complaints Portal<br>○ MoF Facebook Page<br>○ SEP<br>○ ESCP | ○ MoF to strengthen information disclosure on the GM through its media outlets<br>○ A brief of the GM to be provided on the MoF new website<br>○ Other uptake channels such as the complaints phone number to be included. |
| 3 | | Is there an effective and accessible workers' GM with adequate uptake channels? | While this was not included in the reviewed audit firm's contract and the TOR of the assignment. The audit firm has already its own internal procedures for workers' grievances. | ○ Audit Manager at the Audit Firm | ○ Discussion and overview of the audit firm's internal procedures. | ○ Include workers' GM requirements in following bidding activities for the PEFF |

| No. | Category | Issue / Aspect | Evidence and Observation | Interviewee | Reference | Strengthening Measures / Corrective Actions |
|---|---|---|---|---|---|---|
| | | | The details of the system, including resolution timeframe, handling of grievances, types that are admitted / rejected, and other information could not be reviewed as a copy of these procedures was not provided. | | Copies were not received for review due to audit firm internal policies. | |
| 4 | | Are the procedures of the GM implemented in accordance with the complaints system guidelines? Are the implemented processes efficient? Are there any areas that could be strengthened? | The implementation of the procedures of the GM have been found adequate. There have been several cases of delays beyond the required timeframe of resolution (between September 2023 and May 2024, 6 out of 19 complaints have been closed after the required 30 days period). Delays have been justified due to needing processing by other departments, investigation requirements, and the general situation of emergency working hours where difficulties are faced as employees work 2-3 days per week.<br><br>During the audit, the complaints relevant to the health and education sector salaries in the West Bank have been reviewed. One of the complaints' supporting documents were not easily accessible due to paper archiving, where the decision for closing the document has been taken based on received supporting documents but could not be retrieved. This showed areas that the system needs strengthening in.<br><br>The complaints system has been noted to require additional features such as the upload of complaints by the relevant departments who receive complaints in hard copies by NGOs or representatives of civil servants. Where if they do not have an account, or previously submitted a complaint on the system, the complaints unit cannot enter their complaints and have to process them in paper forms. | ○ MoF Complaints Unit Employees<br>○ Sample beneficiaries | ○ MoF complaints Archives | ○ Conduct a needs assessment for the MoF complaints Unit<br>○ Support to the MoF Complaints Unit is needed to further digitize and enhance the archiving of complaints. This includes an internal electronic system for filing, sorting, and archiving.<br>○ Provide a technical skills training on the uptake of grievances, handling, processing, filing, and archiving. As well as other skills as determined by a needs assessment |
| 5 | | Are there adequate GBV (SEA / SH) grievance referral mechanisms established for | The PEFF's POM details the referral mechanism for GBV related grievances. Additionally, the MoF's complaint unit in cooperation with the MoF Gender Unit refer any GBV related | ○ MoF complaints Unit | ○ The National Referral System for | ○ MoF to enhance awareness of the GM including the GBV |

| No. | Category | Issue / Aspect | Evidence and Observation | Interviewee | Reference | Strengthening Measures / Corrective Actions |
|---|---|---|---|---|---|---|
| | | the PEFF that guarantee confidentiality and are survivor centric? | grievance depending on the case and survivor's request through the national GBV referral system. | ○ ESO | victims of gender-based violence in the State of Palestine<br>○ Interview with the complaints unit head at MoF | grievances referral mechanism through its outreach campaigns. As well as through the engagement activities for the PEFF. |
| 6 | Labor Rights and Working Conditions | Labor Rights and Working Conditions of civil servants | Relevant aspects of ESS2 for civil servants (i.e., child labor, forced labor, and OHS) have been found to be satisfactory. These measures are also detailed in the Civil Service Law, Palestinian Labor Law, Minister of Labor and Cabinet of Ministers' decisions on Labor rights, working conditions, and OHS. Civil servant working in relation to the project are provided with adequate working spaces, their employers are committed to the Minimum Wage act, all are provided with contracts adhering to the PLL, and no child labor has been recorded. | ○ PIU<br>○ E&S Officer | ○ Civil Service Law No.4 of 1998<br>○ The Palestinian Labor Law No.7 of 2000<br>○ Minister of Labor Decisions on OHS and Labor Rights<br>○ Cabinet of Ministers' Decisions on Labor and OHS<br>○ Minimum Wage Decision No.4 of 2021<br>○ ESS2: Labor Rights and Working Conditions | NA |
| 7 | | Labor Rights and Working Conditions of Contracted Workers (i.e., Audit Firm) | While both the ESCP and the POM state that the measures of ESS2 shall apply to contracted workers, and where the contracted workers under this contract are solely the audit firm's employees who are engaged in the PEFF audit, there | ○ Audit Firm<br>○ PIU | ○ Interview with the audit firm. | ○ MoF to ensure including all relevant aspects of ESS2 in bidding documents for future |

| No. | Category | Issue / Aspect | Evidence and Observation | Interviewee | Reference | Strengthening Measures / Corrective Actions |
|---|---|---|---|---|---|---|
| | | | has not been a clear integration of these requirements in the audit firm's contract.<br><br>Nevertheless, the audit firm already possess adequate measures that show compliance with the national labor laws and ESS2 such as an internal complaints system, code of conduct, data protection framework, and an ethics hotline. The audit firm also receives periodic visits from its regional and headquarters offices on workplace safety, ergonomics, and working conditions.<br><br>The MS rating is due to the lack of inclusion of E&S measures in the procurement process, and the fact that the audit firm replaced one of their key audit staff as detailed in the contract without informing MoF. | | ○ Site overview of available documents. | procurement activities under the PEFF. |
| 8 | | Has a code of conduct been prepared and/ or been incorporated into the audit firm's contract?<br>Does it include adequate provisions on SEA / SH in line with the POM requirements? | No code of conduct has been prepared. | ○ Audit Firm | ○ Interview with the audit firm.<br>○ Review of the Audit contract and TOR | ○ MoF to ensure compliance with the POM in all upcoming procurement activities.<br>○ A code of conduct is to be prepared for the project, and to be shared with the World Bank for review and clearance prior to including in bidding documents. The CoC shall be prepared shall there by any future procurement activities under the PEFF. |
| 9 | Stakeholder Engagement | Have stakeholder engagement activities been conducted in a proportionate and effective manner to | Under the preparation of the PEFF parent project and the AF, various consultation activities have been conducted with project stakeholders as detailed in the SEP and | ○ DGIRP<br>○ ESO | ○ MoF Facebook Page (Annex IV)<br>○ SEP | ○ Despite the fast-paced nature of the project, stakeholder engagement activates should be |

| No. | Category | Issue / Aspect | Evidence and Observation | Interviewee | Reference | Strengthening Measures / Corrective Actions |
|---|---|---|---|---|---|---|
| | | guarantee incorporation of stakeholder feedback into project design and implementation? | representatives of vulnerable and marginalized groups (i.e., NGOs and CBOs).<br><br>However, during the PEFF parent project implementation (the AF is not yet effective) there have not been any further direct stakeholder engagement activities. This however can be attributed to the nature of the operation being a retroactive financing and the short duration of the project at the time (approved in Feb 2024, previous closure date Jun 2024).<br><br>Additionally, the interviews and engagements conducted under the social audit are part of the project's stakeholder engagement activities. | ○ Head of the Public Relations Unit | ○ ESCP | maintained throughout the project to ensure capturing feedback and implementing any improvements. |
| 10 | | Have marginalized and vulnerable groups, or their representatives, been engaged with? | During both the parent and AF PEFF preparation, representatives of vulnerable and marginalized groups, namely NGOs and CBOs have been consulted with.<br><br>During the social audit activity, the interviewed NGOs had prior knowledge of the project. These interviews and engagement activities under the social audit are part of the stakeholder engagement activities detailed under the SEP. | ○ Teacher's Creativity Center<br>○ Juzoor for Health Development<br>○ GUPT<br>○ PRCS | ○ Bi-lateral phone interviews<br>○ Updated SEP | ○ Maintain stakeholder engagement throughout the AF implementation in line with the updated SEP and ESCP. |
| 11 | Information Disclosure | Have the information disclosure requirements under ESS10 as detailed in the ESCP, SEP and POM been implemented? | the MoF is active on its social media, mainly the Facebook page, and shares information on salaries, arrears, and general notices on relevant aspects on a monthly basis at most.<br>Moreover, project related documents have been disclosed in a timely manner at MoF website, on a project specific page that can be easily accessed at the home page. | ○ MoF Public Relations Unit<br>○ ESO | ○ MoF Website<br>○ MoF Facebook Page | ○ |
| 12 | E&S Capacity | Does the PIU have, and maintain, adequate capacity | both the parent PEFF and the AF are being implemented by the MoF. Over the last few years, MoF has developed satisfactory capacity for management of E&S risks and | ○ ESO | ○ ESCP | NA |

| No. | Category | Issue / Aspect | Evidence and Observation | Interviewee | Reference | Strengthening Measures / Corrective Actions |
|---|---|---|---|---|---|---|
| | | to manage the E&S aspects of the project? | impacts in accordance with the Bank's ESF. The MoF PCU has developed adequate and dedicated capacity for E&S risk management. The ESO at the PCU has also been supporting the PIU in the PEFF and AF preparation and implementation. The ESO participated in and benefitted from multiple World Bank provided trainings (in-person and virtual) to strengthen ESF capacity and implementation). | | | |
| 13 | Regular E&S reporting | Have E&S reporting been conducted in line with the ESCP and submitted within the agreed upon timeframe? | No E&S reporting has been conducted to date. | ESO | - | ○ E&S reporting to be conducted in line with the ESCP and to be submitted within agreed upon timeframe. |
| 14 | E&S accidents and Incidents | Have any accidents or incidents (SEA / SH included) taken place throughout the project's implementation?<br><br>Have they been reported? Have measures and capacity been established for the reporting shall any such accidents or incidents occur? | No incidents or accidents have taken place during the project implementation that have been documented or reported. | ○ ESO<br>○ DGIRP<br>○ Audit Firm | - | ○ incorporate accidents and incidents reporting requirements in any upcoming procurement process in accordance with the ESCP. |

## ANNEX II: LIST OF INTERVIEWEES – MINISTRIES

Table 4: Meetings and Bi-Lateral Engagements with Ministries and NGOs

| Ministry / NGO | Position / Department | Date | Topic |
|---|---|---|---|
| **MoF** | DGIRP | 29 April 2024 | Social Audit Kick-off Meeting |
| **MoF** | PIU – ESO | 19 May 2024 | Follow Up Kick-off meeting on ESF instruments and Primary and Secondary Data Collection |
| **MoF** | Complaints Unit – Head of Unit | 21 May 2024 | Meeting to review Complaints Units Procedures, Guidelines, and Obtaining numbers of received complaints during project implementation period |
| **MoE** | Complaints Unit – Head of Unit | 26 May 2024 | Bi-lateral phone meeting to review complaints procedures pertaining to MoE civil servants' salaries |
| **MoH** | Complaints Unit – Head of Unit | 27 May 2024 | Visit to MoH Complaint Unit in Nablus to review procedures pertaining to MoH civil servants' salaries |
| **MoF** | Public Relations Department – Head of Unit | 5 June 2024 | Bi-lateral phone meeting to overview information disclosure mechanisms, stakeholder engagement activities and procedures, and sources of information |
| **MoF** | Complaints Unit – Complaints Officer | 12 June 2024 | Second Meeting to overview complaints data in detail, segregate project relevant complaints, and review complaints resolutions, timeframe, and other information |
| **MoF** | Financial IT Department – Head of Department | 12 June 2024 | Meeting to review implemented data privacy and security measures, data sharing arrangements, and financial audit data arrangements |
| **MoF** | Directorate General of Budget – Director General | 26 June 2024 | Meeting to review budget guidelines, budgeting arrangements, employment and financial arrangements |
| **MoF** | Payroll Directorate - Director | 26 June 2024 | Meeting to review the payroll preparation procedures, eligibility criteria under the PEFF, reconciliation and salary calculations |
| **MoE** | Directorate General of Administrative Affairs – Director General | 27 June 2024 | Meeting to review the administrative arrangements, including complaints, information disclosure, engagement with MoF and education sector representative NGOs |

| | | | |
|---|---|---|---|
| **MoH** | Directorate General of Administrative Affairs – Director General | 27 June 2024 | Meeting to review the administrative arrangements, including complaints, information disclosure, engagement with MoF and education sector representative NGOs |
| **Audit Firm** | Audit Manager | 27 June 2024 | Meeting to discuss labor and working conditions aspects pertaining to ESS2 and relevant to the contracted workers of the project (i.e., the audit firms' employees). Discussion included aspects such as workers' GM, code of conduct, GBV (SEA / SH) grievances redress and referral mechanisms, working conditions, accidents and incidents, data privacy, and trainings and code of conduct. |
| **NGO – General Union of Palestinian Teachers (GUPT)** | General Secretary | 29 June 2024 | Bi-lateral Phone meeting to discuss knowledge about the project, engagement with MoE and MoF, available support to education sector employees such as complaints and information outreach. |
| **NGO – Teachers Creativity Center** | Programs Coordinator | 29 June 2024 | Bi-lateral Phone meeting to discuss knowledge about the project, engagement with MoE and MoF, available support to education sector employees such as complaints and information outreach. |
| **NGO – Palestinian Red Crescent Society (PRCS)** | Programs Coordinator | 29 June 2024 | Bi-lateral Phone meeting to discuss knowledge about the project, the overall public health sector situation and the support NOGs are providing. In addition to engagement with MoH and MoF, available support to health sector employees such as complaints and information outreach. |
| **NGO – Juzoor for Health Development** | Health Specialist and Projects Manager | 29 June 2024 | Bi-lateral Phone meeting to discuss knowledge about the project, the overall public health sector situation and the support NOGs are providing. In addition to engagement with MoH and MoF, available support to health sector employees such as complaints and information outreach. |

## ANNEX III: LIST OF INTERVIEWEES – BENIFICIARIES

Semi-structured interviews have been selected with beneficiaries who have utilized the MoF Complaints system during the project implementation period. Complaints between November 2023 and May 2024 have been reviewed with MoF and Health and Education sector received complaints in that duration have been segregated from others.

Received complaints were 3 during that period, and the 3 beneficiaries have been interviewed. Noting that the semi-structured questionnaire form in Annex V has been followed, and anonymity and confidentiality of Personal Identifying Information have been provided. Hence their names and details have not been shared and pseudonymous codes have been provided as below;

**Table 5: Beneficiaries' Semi-Structured Interviews and Feedback Log**

| Beneficiary | Date | Topic | Remarks |
|---|---|---|---|
| **Health Beneficiary 1** | 29 June 2024 | PEFF knowledge, complaint system experience, social considerations (Annex V) | the participant discussed their experience with the complaints system, having submitted three complaints—two to the Ministry of Finance (MoF) and one to the Ministry of Environment (MoE). The MoE responded promptly within a week, whereas the MoF took three months to respond to the first complaint and two weeks for the second. He complimented the professionalism of the system and appreciated the clear communication about the expected resolution timeframes, especially since his case involved broader issues beyond the MoF's scope. He also noted that he was previously unaware of the complaints system and only learned about it through colleagues. |
| **Education Beneficiary 1** | 29 June 2024 | PEFF knowledge, complaint system experience, social considerations (Annex V) | The participant's current complaint is under judicial review, following initial submissions that led to no communicated decision regarding resolution or rejection. Faced with a lack of updates and being shuttled between the Ministry of Finance (MoF) and the Ministry of Health (MoH), they opted to pursue the matter through the courts. Despite submitting the complaint, they did not revisit the system and received no updates on the status of his complaint, including during in-person visits to the MoF. He was initially unaware of the complaint system and only discovered it through his colleagues. |
| **Education Beneficiary 2** | 29 June 2024 | PEFF knowledge, complaint system experience, social considerations (Annex V) | The individual submitted a complaint electronically but did not follow up within the system and was not contacted by the complaints unit regarding any updates (such as acceptance, resolution, closure, or rejection). they were previously unaware of the complaints system, citing a lack of outreach activities to inform potential users. they expressed a need for continuous communication, noting their dissatisfaction with not receiving any feedback after their initial submission. |

## ANNEX IV: MEDIA OUTREACH

The following are the relevant social media posts over the project implementation period (November 2023 – May 2024), details can be accessed on MoF official page through: https://www.facebook.com/PMOFPS

**Figure 1: October 2023 Salaries Delay Announcement in November 2023**

**Figure 2: November 2023 Salaries Announcement in December 27, 2023**

**Figure 3: Information Outreach Notice By MoF Regarding Misleading Information and Accurate Sources of Information**

**Figure 4: December 2023 Salaries Disbursement Notice in February 2024**

Figure 5: January, February, March, and April 2024 Salaries Disbursement Announcements Made in March, April, May, and June 2024

Figure 6: Notice of Delay in Salary Disbursement Issued in May 11 2024

## ANNEX V: SEMI-STRUCTURED INTERVIEWS QUESTIONNAIRE

*Opening Remarks:*

1. An introduction about the social audit and its purpose
2. Disclaimer on data privacy and confidentiality of discussion, where findings will be used to inform the social audit without sharing any personal identifying information

*Project Questions:*

1. Did you hear about the PEFF (Provide project description)? → if the answer is no, provide an overview of the PEFF and AF and move to the next section.
2. How did you hear about it?
3. What do you know about it?
4. Do you know where to access its information and updates?
5. Do you have an interest in knowing more about it and to be constantly updated?

*Grievance Mechanism:*

1. Can you provide an overview of your experience in submitting a complaint to MoF?
2. Has there been a timely response to your complaint?
3. Are you satisfied with the system in terms of response, resolution, closure, or referral?
4. Have you been previously informed of the availability of a complaints system?
5. How did you hear about it?
6. Have there been activities or outreach campaigns to your relevant ministry's employees to know that such a system exists?
7. What concerns or remarks for improvement do you have and can suggest?

*Closing Remarks and Open Questions*

1. From what you heard, do you recommend any improvement measures?
2. Do you have any further concerns regarding data privacy and security, stakeholder engagement, outreach, or other aspects?

## ANNEX VI: MEETINGS PHOTOS

Figure 7: Meeting with General Director of Budget at MoF, June 26 2024

Figure 8: Meeting with Administrative Affairs at MoH, June 27 2024

Figure 9: Meeting with Director General of Administrative Affairs at MoH, June 27 2024