Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 03/24/2020 | Report No: ESRSA00454
### BASIC INFORMATION

#### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Region</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Bank and Gaza</td>
<td>MIDDLE EAST AND NORTH AFRICA</td>
<td>P172571</td>
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</tr>
</tbody>
</table>

**Project Name**: Technology for Jobs

**Practice Area (Lead)**: Finance, Competitiveness and Innovation

**Financing Instrument**: Investment Project Financing

**Estimated Appraisal Date**: 3/2/2020

**Estimated Board Date**: 4/29/2020

**Borrower(s)**: Ministry of Telecommunications and Information Technology, PALESTINIAN LIBERATION ORGANIZATION (for the benefit of the Palestinian Authority)

**Implementing Agency(ies)**: Ministry of Telecommunications and Information Technology via a private sector implementing agency

### Proposed Development Objective(s)

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

### Financing (in USD Million)

<table>
<thead>
<tr>
<th>Amount</th>
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<tbody>
<tr>
<td>Total Project Cost</td>
</tr>
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</table>

### B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

### C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The project creates new market opportunities for the Palestinian IT services sector by strengthening demand, providing it with a supportive business infrastructure, and by enabling access to markets and investments. The project will upgrade the capabilities of the workforce and of firms, including by supporting the role of women in leadership
positions. It will ensure that IT service firms have access to an infrastructure of business services, training providers and technology they need to operate in global technology markets. The project will also increase global demand and investments for the Palestinian IT service exporters. This will be achieved through activities to promoting the Palestinian market abroad and by brokering relationships with international buyers and investors. Finally, the project will help strengthen the enabling environment to increase demand and investments of the sector as a whole.

D. Environmental and Social Overview
D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]
The project is nationwide, covering both West Bank and Gaza. The project activities will take place mainly in urban populated areas where the project beneficiaries, individuals and firms, are practicing their ICT business. The project is not expected to include any civil works, except interior works to enable installation of networks, software, and other IT equipment.

The project consists of four components tackling the supply side, the enabling ecosystem, and the demand side of IT services, as well as project management. Component 1, Improving IT service capabilities, will strengthen the technological and human capabilities of firms and their workforce. Component 2, Improving the IT services ecosystem, will support the entry of new actors in the IT ecosystem, who will support and complement existing actors. It will also help the private sector build the technology and business infrastructure that IT service companies rely on to compete. Component 3, Improving market access, and increasing demand and investments, will stimulate demand through international market linkages, and will stimulate investment in the IT services ecosystem by encouraging FDI in the West Bank & Gaza. Component 4 will provide project management and monitoring (the PIA).

D. 2. Borrower’s Institutional Capacity
The Ministry of Telecommunications and Information Technology (MTIT) doesn’t have record of in-house environmental and social management capacity. Therefore, the ministry will contract a private sector firm as a Project Implementing Agency (PIA) to implement the project on behalf of MTIT. The PIA is expected to have an environmental and social expert. Therefore, it is part of the commitments in the ESCP that part of the expertise of the PIA in the bidding documents is to demonstrate capacity in environmental and social management. The beneficiaries, who will benefit from the new ICT equipment, are not also likely to have specific capacity apart from the general awareness of environmental issues, and the PIA is expected to provide the overall guidance and capacity building.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)  Moderate

Environmental Risk Rating  Moderate

The environmental risks of the project at the concept stage was rated moderate. After concept, the project component for funding rooftop solar panels, AC, and similar equipment was dropped from the project. The project current scope support under component 2.1 Seed grants to stimulate private investments in the IT service ecosystem, with expected increased number of IT equipment, and therefore increase of e-waste. The project will also allocate grants for IT infrastructures in component 2.3. The ‘the Ministry of Telecommunications and Information Technology
(MTIT) doesn’t have record of in-house environmental and social management capacity’. Based on this, the environmental risk classification is "moderate".

**Social Risk Rating**

The social risks associated with the project are considered moderate. The social risks are limited in nature and scale, and can be summarized as follows:

1. risks related to social exclusion in its various forms that would need to be mitigated through ensuring that project benefits, such as access to grants, and job opportunities, can be accessed and optimized for the most vulnerable and youth, including those from poor communities and women,

2. risk of exposure of youth, including vulnerable youth and women to sexual exploitation, or poor working conditions,

3. risks related to labor and working conditions for project workers and beneficiaries. LMP was prepared to address the labor related issues.

An assessment of Gender Based Violence (GBV) was done and the risk is rated low. The project level GRM will include specific procedures for GBV including confidential reporting and ethical documentation of GBV cases. The project will not result in any risks related to involuntary resettlement. Private sector firms seeking grants to establish new enterprises or subsidiaries will need to demonstrate adherence to willing-buyer willing-seller criteria to qualify.

**B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered**

**B.1. General Assessment**

**ESS1 Assessment and Management of Environmental and Social Risks and Impacts**

**Overview of the relevance of the Standard for the Project:**

The project is aimed at increasing economic opportunities in tech-enabled services sector and comprises various co-investments with private sector enterprises providing IT/ business process outsourcing services (e.g. training; HR; accounting; customer support). Eligible companies that may include SMEs and Multi-national corporations, can apply for grants to invest in 1) human capital through on-the-job training programs or salaries of new employees and 2) fixed costs to establish new enterprises or subsidiaries or 3) improving basic IT infrastructure such as office furniture, IT equipment. Technical assistance is also being provided for awareness-raising campaigns to promote IT sector and women’s leadership in the sector; these TA activities are considered low risk from a social and environmental perspective.

An ESMF has been prepared, provides appropriate mitigation measures for all project activities including establishing environmental and social criteria as eligibility requirements, and conditions for private sector enterprises that want to access the grants. The ESMF also investigates different environmental risks/impacts and which type of interventions would require an environmental and social assessment instrument.
Through project design and implementation there is a risk that certain individuals or groups may be more limited in their ability to take advantage of the project’s benefits. The ESMF will include a social assessment to examine the different project components and interventions and assess their impact, and make project design recommendations to reduce barriers for vulnerable youth, and women to access project benefits.

The project will financially support salaries of workers in tech-enabled sectors which may expose project beneficiaries, indirectly, to adverse labor and working conditions, particularly vulnerable workers or women. Adverse working conditions in the tech sector globally are mainly associated with manufacturing environments, which will be limited in this project. Warehouses, laboratories, call centers may have risks related to mental or physical stress, overtime and other terms and conditions, and discriminatory practices. The ESMF will outline loan conditions, including but not limited to, compliance with national labor requirements, for protection of employed beneficiaries.

**ESS10 Stakeholder Engagement and Information Disclosure**

The project has various stakeholders corresponding to the different sub-components including the private sector firms, individuals, male and female youth engineers and IT professionals, educational and academic institutions, implementing agencies; and other government agencies such as MTIT and the Ministry of Finance. The Borrower prepared a Stakeholder Engagement Plan (SEP) for the project and will be disclosed prior to project appraisal. Several consultations rounds were conducted during the preparation of the project with stakeholders identified, the stakeholders were informed about the project scope, activities, and institutional arrangements, identified the social and environmental risks during scoping sessions.

The SEP prepared includes a strategy for engagement with stakeholders based on their needs, frequency of engagement and preferred type of notification. It also included grievance redress mechanisms and the information disclosure channels and proposed appropriate methods for information sharing including for vulnerable groups. Commitment to implement the SEP is included the ESCP; and the SEP, being a living document, will be dynamically updated to incorporate any emerging issues or needs for engaging with stakeholders during project implementation.

The project level GRM will include multiple channels to imitate a complaint. During consultation for updating the Stakeholder Engagement Plan (SEP), information on GBV will be provided to all involved stakeholders. GRM will include specific procedures for GBV including confidential reporting and ethical documentation of GBV cases.

**B.2. Specific Risks and Impacts**

A brief description of the potential environmental and social risks and impacts relevant to the Project.

**ESS2 Labor and Working Conditions**

Workers include the Project Implementation Agency (PIA) and benefitting Palestinian IT Service Companies. New workers will be hired by the IT Service Companies with the aim of upskilling their workforce. The categories of project workers are Direct Workers (project managers and supervisors who are MTIT employees), Contracted
Workers (PIA’s workforce) as well as the workers who will be employed by the benefitting IT service companies. The main labor risks identified are GBV risks, poor working conditions, and risks of exclusion of the poor and vulnerable.

ESS3 Resource Efficiency and Pollution Prevention and Management
The project will include installation of ICT equipment, office facilities, tools and business infrastructure. The relevance of ESS3 is mainly related to ensuring efficient energy consumption, and adequate management of e-waste, and other related solid wastes. The implementing agency would need to prepare an energy efficiency and waste management strategy to address those issues. The ESMF highlights the requirements of this strategy and its implementation arrangements among different beneficiaries.

ESS4 Community Health and Safety
The risk of exposure of youth, including vulnerable youth and women to sexual exploitation, or poor working conditions has been identified. An assessment of Gender Based Violence (GBV) was done and the risk is rated low. The project level GRM will include specific procedures for GBV including confidential reporting and ethical documentation of GBV cases.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
ESS5 is not considered relevant. The project will not directly acquire any land or result in involuntary resettlement. Private sector firms seeking grants to establish new enterprises or subsidiaries will need to demonstrate adherence to willing-buyer willing-seller criteria and absence of resettlement impacts to qualify.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources
ESS6 is not considered relevant. All project activities are expected to be in populated urban areas with no risks on natural habitats or ecosystem services.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities
ESS7 is not considered relevant. No known indigenous people in the Project area.

ESS8 Cultural Heritage
ESS8 is not relevant to the project, project activities are not expected to affect tangible or non-tangible cultural heritage.

ESS9 Financial Intermediaries
ESS9 is not considered relevant. No FIs are expected to be used.
B.3 Other Relevant Project Risks

Delays in implementation could pose additional contextual risks to the operation, particularly in Gaza due to the hard constraints on entry of materials and equipment. Managing the environmental, social and citizen engagement aspects is quite new to the implementing agencies in the ICT business, which adds to the contextual risk that should be considered during the implementation arrangements.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways

No international waterways will be impacted by project activities.

OP 7.60 Projects in Disputed Areas

No

Project activities are conducted in areas of the West Bank and Gaza under the PA authority and will not have impacts on the legal status of the PA or the territories under its jurisdiction.

III. BORROWER’S ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)

<table>
<thead>
<tr>
<th>DELIVERABLES against MEASURES AND ACTIONs IDENTIFIED</th>
<th>TIMELINE</th>
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<tr>
<td>ESS 1 Assessment and Management of Environmental and Social Risks and Impacts</td>
<td>12/2020</td>
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<tr>
<td>The Project Implementing Agency (PIA) will be responsible for following up the implementation of the environmental and social considerations stated in the ESMF instruments. To this end, PIA will establish and recruit an Environmental and Social Officer (ESO) to oversee the implementation of the E&amp;S requirements as established in the ESMF instruments and monitor the environmental and social compliance</td>
<td>12/2020</td>
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<tr>
<td>Prepare the site specific ESMPs based on the ESMF based on the particularity of each subproject site and existing environmental features in a manner acceptable to the Association once subprojects are identified. Prepare a waste management plan for e-waste and other wastes.</td>
<td>12/2020</td>
</tr>
<tr>
<td>Incorporate the relevant E&amp;S requirements including ESHS specifications in the procurement/bidding documents. Thereafter ensure that these requirements are incorporated in installation works contracts and that the contractors comply with the ESHS specifications of their respective contracts</td>
<td>12/2020</td>
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<td>All suppliers for equipment should be authorized suppliers/providers with legal documents to operate.</td>
<td>12/2020</td>
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<td>ESS 10 Stakeholder Engagement and Information Disclosure</td>
<td>12/2020</td>
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<tr>
<td>Update, adopt, and implement the Stakeholder Engagement Plans (SEP) in accordance with the terms of the ESP. In addition, PIU will Organize stakeholder consultations and ensure a functioning GRM in place.</td>
<td>12/2020</td>
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The grievance mechanism will ensure reception and timely response to any complaints made about the project (from members of the communities, IT SMEs and business service providers, managers and owners of businesses, engineers and IT professionals.

<table>
<thead>
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<tr>
<td>Update, adopt, and implement the Labor Management Procedures (LMP) that have been developed for the Project</td>
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<tr>
<td>Establish, maintain, and operate a grievance mechanism for Project workers, as described in the LMP and consistent with ESS2. MTIT and PIU will develop a manual for GRM system.</td>
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<th>ESS 3 Resource Efficiency and Pollution Prevention and Management</th>
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<tr>
<td>MANAGEMENT OF WASTE AND HAZARDOUS MATERIALS: Waste management plans to be prepared and implemented for e-waste and all other solid wastes.</td>
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<td>ESS 9 Financial Intermediaries</td>
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**B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts**

**Is this project being prepared for use of Borrower Framework?** No

**Areas where “Use of Borrower Framework” is being considered:**

The project does not envisage using the borrower ES framework.

**IV. CONTACT POINTS**

*World Bank*

<table>
<thead>
<tr>
<th>Contact:</th>
<th>Title:</th>
</tr>
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<tbody>
<tr>
<td>Mirela-Iulia Cojocaru</td>
<td>Senior Private Sector Specialist</td>
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</tbody>
</table>
V. FOR MORE INFORMATION CONTACT

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Web: http://www.worldbank.org/projects

VI. APPROVAL

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Practice Manager (ENR/Social) Lia Carol Sieghart Cleared on 10-Mar-2020 at 08:52:0 EDT