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construction
INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT
ON A
PROPOSED GRANT

IN THE AMOUNT OF US\$9 MILLION
FROM THE TRUST FUND FOR GAZA AND WEST BANK

TO THE

PALESTINE LIBERATION ORGANIZATION
(FOR THE BENEFIT OF THE PALESTINIAN AUTHORITY)

FOR THE PROJECT

IMPROVING EARLY CHILDHOOD DEVELOPMENT IN THE WEST BANK AND GAZA

{RVP/CD CLEARANCE DATE}

Education Global Practice
Middle East And North Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective October 8, 2019)

Currency Unit = NIS (New Israeli Shekel)

NIS 3.51 = US\$1

US\$0.29 = NIS 1

FISCAL YEAR

January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

BETF	Bank-executed Trust Fund
BE-TFSCB	Bank-executed Trust Fund for Statistical Capacity Building
CMU	Country Management Unit
DA	designated account
ECD	early childhood development
ECE	early childhood education
ESCP	Environmental and Social Commitment Plan
ESMF	Environmental and Social Management Framework
FCV	Fragility, conflict and violence
FM	financial management
GDP	gross domestic product
GRS	grievance redress service
HCI	Human Capital Index
HSRSP	Health System Resiliency Strengthening Project
IFR	interim financial report
IMAGES	International Men and Gender Equality Survey
IRR	internal rate of return
JFP	Joint Financing Partners
KG	kindergarten
LMP	Labor Management Procedures
MENA	Middle East and North Africa region
M&E	monitoring and evaluation
MFD	Maximizing Finance for Development
MICS	Multiple Indicator Cluster Survey
MM	mitigating measures
MOE	Ministry of Education
MOE-PCU	Ministry of Education Project Coordination Unit
MOFP	Ministry of Finance and Planning
MOH	Ministry of Health
MOH-PMU	Ministry of Health Project Management Unit
MOSD	Ministry of Social Development
NIET	National Institute for Education Training
NPV	net present value
OMR	outside medical referral
PA	Palestinian Authority
PCBS	Palestinian Central Bureau of Statistics
PHC	primary healthcare center
PPP	Public-private partnership
PPSD	Project Procurement Strategy for Development
QA	quality assurance

SEF	Stakeholder Engagement Framework
SOE	Statement of Expenditures
STEP	Systematic Tracking of Exchanges in Procurement
TEIP	Teacher Education Improvement Project
TOR	terms of reference
UNICEF	United Nations Children's Fund
UNRWA	United Nations Relief and Works Agency for Palestinian Refugees in the Near East
WA	withdrawal application
WB&G	West Bank and Gaza
WHO	World Health Organization



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The World Bank

Improving Early Childhood Development in the West Bank and Gaza (P168295)

DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
West Bank and Gaza	Improving Early Childhood Development in the West Bank and Gaza	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P168295	Investment Project Financing	Moderate

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input checked="" type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Disbursement-linked Indicators (DLIs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input checked="" type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	

Expected Approval Date	Expected Closing Date
16-Dec-2019	27-Dec-2024

Bank/IFC Collaboration

No

Proposed Development Objective(s)

Improve the coverage and quality of targeted early childhood development services for children from gestation until age 5 in the West Bank and Gaza.

Components

Component Name	Cost (US\$, millions)
Promoting early healthy development	3.00



Improving access to high-quality kindergarten services	4.35
Improving availability of ECD data	0.60
Project management and implementation support for MOH and MOE	1.05

Organizations

Borrower:	Palestine Liberation Organization
Implementing Agency:	Ministry of Education Ministry of Health

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	9.00
Total Financing	9.00
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	9.00
Special Financing	9.00

Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2020	2021	2022	2023	2024	2025
Annual	0.36	0.74	1.25	2.10	3.20	1.35
Cumulative	0.36	1.10	2.35	4.45	7.65	9.00

INSTITUTIONAL DATA

Practice Area (Lead)	Contributing Practice Areas
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Education

Health, Nutrition & Population, Social Protection & Jobs

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

Gender Tag

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF	Yes
b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment	Yes
c. Include Indicators in results framework to monitor outcomes from actions identified in (b)	Yes

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● High
2. Macroeconomic	● High
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● High
5. Institutional Capacity for Implementation and Sustainability	● Moderate
6. Fiduciary	● Substantial
7. Environment and Social	● Moderate
8. Stakeholders	● Moderate
9. Other	
10. Overall	● High



COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards

Relevance

Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Not Currently Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

Legal Covenants



Conditions



I. STRATEGIC CONTEXT

A. Country Context

1. **The West Bank and Gaza (WB&G) has faced long-lasting political instability and periodic episodes of violent conflict.** WB&G is a small open economy with lower-middle income status and a population of 4.9 million in 2018.¹ It has experienced political instability and a series of violent conflicts over the last two decades, including the second intifada during 2000-05, the Fatah-Hamas conflict in 2007-08, and wars in Gaza in 2008-09, 2012, and 2014.

2. **Driven by fragility, violence and conflict (FCV), poverty rates in WB&G have increased in the period from 2011-17, with nearly one in three persons living in poverty.** Data from the Palestinian Central Bureau of Statistics (PCBS) shows that the overall share of population below the poverty line has increased from 26 percent in 2011 to 29 percent in 2017. This, however, masks a substantial divergence in trends between the territories. The poverty rate in the West Bank declined from 18 to 14 percent, while poverty in Gaza increased dramatically from 39 to 53 percent in the same period. Conflict has deepened the humanitarian crisis in Gaza, where access to electricity, piped water, and drugs is very limited.

3. **The Palestinian territories witnessed minimal real economic growth in 2018, and unemployment continues to rise.** In recent years, the Palestinian economy has mainly been driven by large inflows of transfers as other sources of growth, including private sector activity, have long been hindered by trade and financial restrictions. Inflows of transfers have significantly dropped in recent years and are no longer able to offset the impact of a weak business environment. As a result, the Palestinian economy has been on a declining growth trajectory, witnessing 0.9 percent growth in 2018. Gaza's economy continued to be in a deep recession in 2018, contracting by 7 percent year-on-year according to preliminary data. Meanwhile, unemployment in the Palestinian territories continues to rise, reaching 31 percent in 2018. In Gaza, unemployment is almost three times higher than in the West Bank, and particularly affects women and youth.

B. Sectoral and Institutional Context

4. **Despite political and economic challenges, WB&G has prioritized human capital development with strong investments in education and health.** At 5.3 percent, government spending on education as a share of GDP is comparatively high in WB&G (World Bank EdStats).² It ranks fourth in the Middle East and North Africa region (MENA)³ and is above the OECD average of 4.5 percent⁴ (OECD 2018). A closer look at the Palestinian health sector paints a similar picture. In 2016, public health spending in WB&G accounted for 10.7 percent of the GDP—a very high spending rate for WB&G's level of income.⁵

5. **In some areas, the strong investments made in the Palestinian people have yet to translate into high levels of human capital.** The recently released Human Capital Index (HCI) indicates that a child born in WB&G today will be 55 percent as productive when she grows up as she could be if she enjoyed complete education and full health.⁶ This puts WB&G in the 82nd place out of 157 participating countries, below the average for its region but higher than the average

¹ UN World Population Prospects, 2019 revision.

² Latest available data for 2017.

³ Ranking based on MENA countries for which data was available for any year between 2008 and 2018.

⁴ Latest available data for 2015 as presented in OECD Education at a Glance Report 2018.

⁵ The average domestic general government health expenditure as a share of GDP in lower middle-income countries lies at 1.3 percent as of 2016 (World Bank HNP Stats 2019).

⁶ HCI for boys stands at .53, slightly below the index for girls (.58)



for its income group (World Bank 2018). The HCI highlights great progress achieved by WB&G in key health outcomes.⁷ However, evidence on the importance of breastfeeding and adequate nutrition during pregnancy and early childhood suggests that improving maternal health and child feeding practices in WB&G could further enhance human capital development. The HCI also points to improvements in access and quality of education as key drivers to increase human capital in WB&G. Low enrollment in preprimary education (54 percent) stand in contrast to the almost universal enrollment rates in basic education, and international student assessments – a proxy for the quality of education – show that learning outcomes in WB&G could be further improved.

6. **Strengthening investments during children’s early years can play a significant role in improving human capital formation.** Evidence from rigorous evaluations suggests that supporting the development of children in the formative 0-5 age bracket can have significant impacts on health and education outcomes that can last well into adulthood (Gertler et al. 2014, Tanner et al. 2015). For example, a meta-analysis of early stimulation and nutrition interventions in low- and middle-income countries has revealed significant positive impacts on children’s early cognitive and language outcomes (Aboud and Yousafzai 2015). ECD can boost children’s school readiness by improving early literacy and numeracy skills and has been associated with better learning outcomes on standardized tests in middle and high school (Weiland and Yoshikawa 2013, Gormley et al. 2017). Finally, ECD has also been shown to effectively improve equity and mitigate the impact of children’s socioeconomic background on their developmental trajectory, thus increasing human capital among the most vulnerable (Harvard Center on the Developing Child 2009).

7. **Cognizant of the importance of children’s formative early years, the Palestinian Authority has demonstrated strong political commitment to invest in ECD since 2017.** Policies and ECD interventions in WB&G are administratively fragmented, with three different ministries responsible for the provision and oversight of key ECD services. The Ministry of Social Development (MOSD) is in charge of the nursery sector, while the Ministry of Health (MOH) oversees maternal and child healthcare services, and the Ministry of Education (MOE) supervises the kindergarten (KG) sector. To more effectively address the multisectoral nature of ECD and create a forum for coordination of all stakeholders, the Palestinian Authority established a National ECD Committee, which convenes representatives from all three ministries and relevant international and local civil society organizations. In 2017, the Committee launched a National ECD Strategy calling for a multisectoral ECD service delivery system led jointly by the three ministries to offer high-quality integrated services to children and their families.

8. **The National ECD Strategy identifies four key challenges that the Palestinian ECD sector is facing.** While WB&G offers a comprehensive set of ECD services to children from gestation until age 5 (see mapping of ECD services in Annex 5), many challenges persist. Chief amongst them are:

- (i) Gaps in selected equipment needed for an early identification of health risks during pregnancy, delivery and children’s first years of life such as hearing and visual problems;
- (ii) Parental practices that are not conducive to children’s healthy development;
- (iii) Insufficient access to high-quality kindergarten services;
- (iv) Lack of relevant data for sectoral and multisectoral ECD planning.

9. **WB&G’s high level of access to pre- and post-natal services offers a window of opportunity to improve children’s outcomes by ensuring facilities are endowed with modern equipment and skilled staff that allow the early identification**

⁷ The HCI includes five education and health indicators: the probability of survival to age five, a child’s expected years of schooling, harmonized test scores as a measure of quality of learning, adult survival rate, and the proportion of children who are not stunted. Only 7 out of 100 children under age 5 in WB&G are stunted, placing it in the top-performing quartile of HCI countries. Also, at 89 percent, the adult survival rate in WB&G is well above the world average.



of risks to children’s healthy development.⁸ WB&G offers a broad range of maternal and child health services free of charge in MOH facilities, including pre- and postnatal check-ups, attended delivery, growth monitoring, and immunizations. Yet, some MOH facilities are lacking equipment to adequately provide these services. Specific equipment gaps include modern ultrasound machines for the early detection of health risks, and specialized equipment for the early detection of hearing or visual impairment in infants.⁹ In Gaza, the lack of essential equipment for postnatal care is even more pronounced. Lack of needed medical equipment means that mothers and children either miss opportunities for early detection of risks to healthy development, or that they have to be transferred to expensive specialists outside of the MOH network. In the WB&G context, outside medical referrals (OMRs) pose barriers to access services needed for mothers and children due to mobility restrictions. When patients are referred to specialists using OMRs, this also creates an additional financial burden for MOH. Thus, filling gaps in necessary equipment is important to facilitate access to key services during pre- and postnatal growth monitoring and increase the efficiency of service delivery.

10. **Parental behavior during a child’s first 1,000 days of life in WB&G is not well aligned with most recent research and best practices that are known to promote children’s healthy growth and cognitive development.** As children are mostly taken care of at home during the first 1,000 days, their caregivers’ practices are a critical determinant of their early development outcomes. Yet, parental behavior in WB&G is not well aligned with best practices for healthy child development. WB&G shows limited progress in exclusive breastfeeding, infant feeding practices and early stimulation by caregivers. As many as 88 percent of women are generally aware of when to start breastfeeding, and many of them also know when to start complementary feeding.¹⁰ However, limited practical knowledge on issues such as how to prepare age-appropriate meals and how to address discomfort and insufficient milk production prevents mothers from following best practices in their daily routines.¹¹ Their ability to respond to their children’s needs can also be negatively affected by the stressful conditions of living in an environment defined by fragility, conflict and violence (ELP 2018). These factors have contributed to only 38 percent of Palestinian infants aged 0-5 months being exclusively breastfed—a percentage that rapidly declines with age. In addition, only 42 percent of children aged 6 – 23 months receive a minimum acceptable diet¹² that is sufficient in both diversity and frequency.

11. With regard to early stimulation, data from MICS 2014 suggests that parents in WB&G are not aware of the importance of an engaging home environment for their children. For almost a quarter of children under five, no adult household member had engaged in at least four activities that promote learning and school readiness in the three days preceding the study (PCBS et al. 2014). Only 20 percent of children aged 0-59 months had access to at least three children’s books in the household, and almost a third of children did not have at least two types of toys to play with at home (ibid.). A summary of key ECD indicators in WB&G is provided in Annex 5, Table A5.1.

12. **The limited involvement of fathers in key parenting practices is an important missed opportunity for the healthy development of children.** While fathers’ involvement in parenting positively affects children’s development outcomes¹³, women are still largely viewed as the primary caretakers in WB&G. The 2017 International Men and Gender Equality

⁸ The World Bank-financed *Health System Resiliency Strengthening Project* (HSRSP) currently supports MOH to improve the quality of care, including improving clinical skills of physicians. However, improving service readiness through procurement of medical equipment is beyond the scope of the HSRSP. Thus, it is critical to address gaps in selected equipment for improved identification and management of risks to children’s health.

⁹ The medical equipment lacking in West Bank was identified by a Ministry of Health Gap Assessment conducted in 2019.

¹⁰ Save the Children, UNICEF, WFP, and Ard El-Insan Palestinian. Report of the nutrition multi-sectoral assessment conducted in the vulnerable areas of Gaza, Palestine. Jerusalem, 2018.

¹¹ Ibid

¹² Minimum acceptable diet is defined as a child having received (i) the appropriate number of meals, snacks and milk feeds; (ii) food items from at least four food groups, and (iii) breast milk or milk feeds (MICS 2014).

¹³ Wilson, Katherine R and Margot R Prior. “Father involvement and child well-being.” *Journal of Paediatrics and Child Health*, Vol. 47, Issue 7.



Survey (IMAGES) shows that Palestinian men are increasingly participating in activities that promote children's early healthy development. For example, two thirds of men report having attended some of their wives' antenatal health check-ups, and 52 percent of fathers report having taken time off to help care for their newborn. Yet, the primary responsibility of managing the education and health welfare of children overwhelmingly falls on women, with 89 percent of mothers helping children with homework (versus 42 percent of fathers), and 99 percent of mothers staying at home when the child is sick (compared to 42 percent of fathers). The limited involvement of fathers in children's early development is likely to be driven by both individual beliefs and social norms prioritizing the role of men as breadwinners and not caretakers in the household. Notably, the 2017 IMAGES also shows a high tolerance for violence in the household, with half of women and more than 60 percent of men surveyed believing a woman should tolerate violence to keep the family together. This is yet another important challenge for children's healthy development given the negative impact that exposure to domestic violence has on children's cognitive and socio-emotional outcomes.¹⁴

13. By ages 4 and 5, only half of Palestinian children—primarily those belonging to higher income families—have the opportunity to attend KG. The target age groups for KG1 and KG2 are 4- and 5-year-old children, respectively. KG services are typically provided for half a day five days per week. KG teachers are almost exclusively women. As of 2017, gross enrollment in preprimary education was at 54 percent (World Bank EdStats). Enrollment does not differ by gender, but it differs substantially between KG1 and KG2. According to MOE estimates for the academic year 2018/19, gross enrollment in KG2 was about 72 percent, while enrollment in KG1 was at 40 percent, with gender parity at both levels. With KG enrolment strongly associated with family income¹⁵, it is estimated that most children from the two bottom income quintiles are deprived from the benefits of an early childhood education (see mapping of KG2 enrollment and poverty rates in Annex 5, Figure A5.1). Far from leveling the playing field for all children, this enrollment structure is likely to widen the school readiness gap along socioeconomic lines in the first years of primary school.

14. In a significant development, a 2017 Education Law made KG2 enrollment compulsory in WB&G, making the rapid expansion of KG2 supply a high priority for MOE. Anecdotal evidence suggests that while some parents believe that children are too young to attend KG1, increasingly KG2 is perceived as part of the formal basic education cycle. This has resulted in a high and geographically widespread demand for KG2 services, which has maxed out existing public supply and have triggered a strong private market response. A joint MOE-WB analysis that looked at 55 localities across all governorates in the West Bank found that the number of unused public KG2 slots in these localities is negligible—close to zero—indicating high KG2 take-up by families. However, closing the enrollment gap through public provision alone will require an unprecedented investment in KG2 infrastructure, and a five-fold increase in the total salary outlay on KG teachers. The same MOE-WB analysis also pointed to a proliferation of private KG2 providers—1,116 providers spread across all West Bank governorates in 2018—providing further evidence that the key binding constraint to universalizing KG2 is the insufficient supply of services. This large and widespread private sector provides an opportunity for MOE to explore partnerships through which provision could be expanded rapidly with little to no public capital expenditures (see mapping of KG2 providers in Annex 5, Figure A5.2).

15. Even when Palestinian children attend KG, challenges in the quality of services limit the benefits of an early childhood education on their learning and development. KG teachers in WB&G are often underqualified to engage children in age-appropriate, play-based learning activities that develop their early cognitive and socio-emotional skills. MOE estimates that approximately 70 percent of KG teachers in the private sector have no formal training in early childhood education (ECE). While a national KG1-2 curriculum was developed in 2017 to help address this challenge, a World Bank study¹⁶ found that the curriculum is too broad, vague at times, and lacks supplementary teaching and learning

¹⁴ Berthelon, Matias, Contreras, Dante, Kruger, Diana and Maria Isidora Palma. 2018. "Violence during Early Childhood and Child Development." IZA Institute of Labor Economics, Discussion Paper Series, IZA DP No. 11984.

¹⁵ El-Kogali & Krafft 2015.

¹⁶ World Bank. 2018. The Palestinian Kindergarten Curriculum Framework: A Review of the Mathematics Development Progression.



materials to guide classroom instruction. Pedagogical challenges are coupled with the lack of an effective quality assurance system for KGs. Even though MOE has established quality standards for KG1-2, these standards are mostly geared towards the infrastructure of facilities and the curriculum, leaving behind critical dimensions of quality such as nurturing interactions between teachers and children. With a ratio of 1 supervisor for every 50 KGs, performance against quality standards is only monitored for public KGs, and collected data is not acted upon to incentivize continuous quality improvement. For private provision, more than 90 percent of the market share, quality is not monitored, let alone acted upon. With the expected growth of KG services, strengthening the quality assurance function of MOE becomes critical.

16. **Beyond challenges in access and quality of services, lack of data is a key roadblock hindering sectoral and multisectoral ECD planning.** Data on the utilization and quality of ECD services, and on the development of children is limited and fragmented across ministries. Upon birth, MOH begins to collect detailed health information on children including vaccinations, growth monitoring, and known allergies and illnesses. This data is digitized, uniquely identified through the Palestinian ID number assigned by the Ministry of Interior, and covers the full 0-5 age bracket. In parallel, MOSD requires private nurseries to collect data on children utilizing their services. This data, however, remains in paper records at nurseries, is not compiled centrally, and is not matched with MOSD's comprehensive dataset on family poverty and vulnerability. Yet again in parallel, MOE collects data for public and registered private KGs through the Annual School Census. This data is restricted to administrative variables at the school, classroom, and student levels¹⁷. In addition, KG supervisors use a monitoring tool that includes some quality indicators. However, this data is not uniquely identified using the Palestinian ID number, remains in paper records at schools, and is not compiled centrally. In the absence of a complete picture of what services are provided to children and their families between pregnancy and age 5, and how children develop in these early years, policymakers in WB&G are unable to plan for and address all children's early developmental needs—particularly the needs of the most vulnerable ones—let alone, make this data publicly available as a channel for social accountability and citizen engagement.

C. Relevance to Higher Level Objectives

17. **The proposed project is a timely operational response to the World Bank's Human Capital Project and builds on its momentum to promote smart investments in human development.** The Human Capital Project aims to accelerate more and better investments in people for greater equity and economic growth. With its objective to improve the coverage and quality of early childhood development services for children from gestation until age 5, the project tackles a strategic lever to support human capital formation in WB&G. Through its envisaged long-term impact on a variety of education and health outcomes, the proposed project has the potential to reduce WB&G's human capital gap and inform similar efforts across MENA and beyond.

18. **With its aim to establish a child-centered approach in ECD service delivery, the proposed project is well aligned with the Assistance Strategy FY 18-21 for the West Bank and Gaza (Report No. 115201-GZ).** The proposed project falls under the Assistance Strategy's objectives of pillar 3, *'Addressing the needs of the vulnerable and strengthening institutions for improved citizen-centered service delivery'*.¹⁸ This pillar explicitly mentions early childhood education as a priority area for future engagement.

¹⁷ Administrative data includes information on school name, type, contact information, key personnel information and address. Teacher information covers specialty, marital status, birthdate and formal education. Student information covers grade level, identification status, guardian's name and the student's birthdate.

¹⁸ The Assistance Strategy is centered around three pillars: (1) Setting the conditions for increased private sector investments and job creation, (2) Launching a new Private Sector Enhancement Facility to realize private sector investments, and (3) Addressing the needs of the vulnerable and strengthening institutions for improved citizen-centered service delivery.



19. **The project is also well aligned with the World Bank’s 2019 updated MENA Regional Strategy, which puts a special emphasis on human capital development.** The updated MENA Regional Strategy highlights human capital development as a core area of engagement to meet the growing aspirations in MENA and unlock medium-term objectives. The enhanced MENA Regional Strategy specifically calls for facilitating private investments and public-private partnerships (PPPs). Informed by MOE’s priorities and the estimated cost-effectiveness of different expansion strategies, the proposed project will pilot a PPP modality for increased private sector investments in KG.
20. **The project activities are also in line with the World Bank Group’s Maximizing Finance for Development (MFD) agenda.** By piloting a PPP modality for KG2 provision, the project leverages private sector financial resources and expertise to develop a sustainable model for future KG2 sector expansion. The project will thus attract and manage private solutions that will help overcome financing and capacity gaps to tackle persistent challenges in KG provision.
21. **The project design echoes the key messages of the 2018 World Development Report on education and is strongly aligned with the 2018 “Expectations and Aspirations: A New Framework for Education in MENA” Report.** Both reports call for investments to increase access to holistic ECD services and improving the quality of service delivery. The proposed project addresses both the access and the quality dimension, while promoting a multisectoral approach to ECD policy design and implementation in WB&G.
22. **The project objectives are in line with the World Bank Gender Strategy (FY16-23) that points to the need to address adverse masculinity norms in FCV contexts.** Project activities are expected to contribute to the fourth pillar of the World Bank Gender Strategy (FY16-23), which focuses on engaging men and boys and enhancing women’s voice and agency.

II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

23. The project development objective is to improve the coverage and quality of targeted early childhood development services for children from gestation until age 5 in the West Bank and Gaza.

PDO Level Indicators

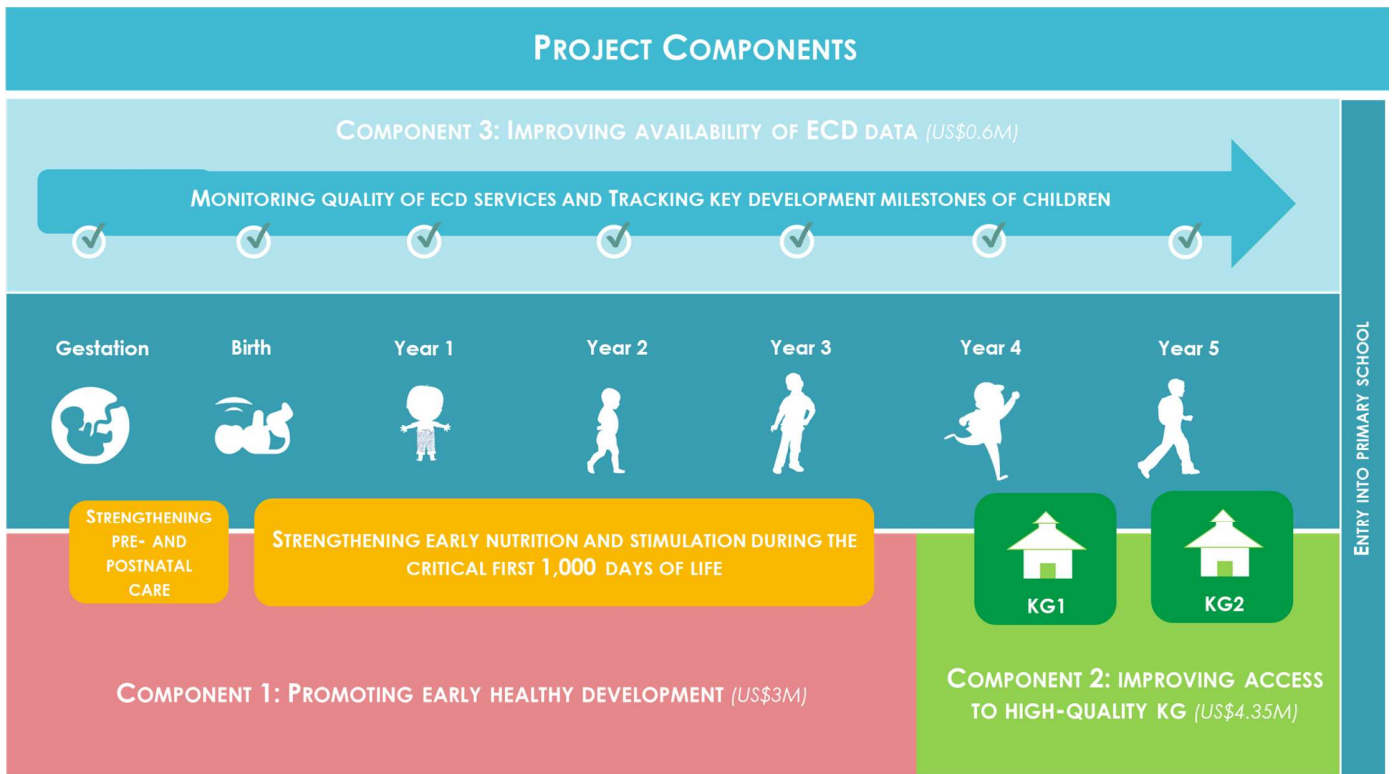
24. The PDO-level results indicators are as follows:
- Share of caregivers that received the parenting intervention and self-report improved parenting practices, disaggregated by father, mother, and other type of caregiver
 - Number of children enrolled in KG2 as a result of the project, disaggregated by public and PPP provision
 - Share of public KG2 classes that reach higher quality standards based on the new Quality Assurance (QA) system



B. Project Components

Project components are summarized in Figure 1 and described below.

Figure 1. Summary of Project Components



Component 1: Promoting early healthy development (US\$ 3 million).

25. This component aims to improve the holistic development of children from gestation until age 3 by strengthening pre- and postnatal care, and improving nutrition and early stimulation during the critical first 1,000 days of life.

Subcomponent 1.1 Investments to improve quality of pre- and postnatal care (US\$0.7 million)

26. The objective of this subcomponent is to improve the quality of pre- and postnatal care by strengthening the early detection of risks to children’s physical and cognitive development. To this end, the subcomponent will finance the procurement of specialized equipment for neonatal hearing and visual assessments, and the replacement of other necessary items such as old and/or inadequate ultrasound machines. The provisional list of medical equipment will be finalized based on a needs assessment and planned investments, in close coordination with development partners and donors including WHO and UNICEF by January 2020. If special training of medical staff is required for optimizing use of the procured medical equipment, the HSRS Project financed by the Bank may consider financing this activity as part of its objective to contribute to reduce the growth of expenditures in OMRs. There are several local suppliers who can procure medical equipment for MOH facilities in both the West Bank and Gaza. Service contracts will include warranty for maintenance and replacement for certain time period. After the warranty period, the MOH bears responsibility for maintenance.



Subcomponent 1.2 Strengthening nutrition and early stimulation during the critical first 1,000 days of life (US\$2.3 million)

27. The objective of this subcomponent is to promote healthy nutrition and early stimulation during the critical first 1,000 days of life by enhancing caregiver’s parenting skills. To this end, the subcomponent will finance two activities: (i) development and piloting of a parenting intervention for families in selected localities; and (ii) the development of a public national ECD website and mobile application for all families in WB&G.

28. The parenting intervention will consist of interactive information sessions for pregnant women and caregivers of children aged 0-36 months on (i) exclusive breastfeeding, (ii) child feeding practices, (iii) early stimulation, and (iv) stress-coping mechanisms adapted to the local FCV context. The intervention will have a strong emphasis on practical knowledge to help integrate these practices into families’ daily routines. In addition, the intervention will be designed to encourage fathers to be more engaged. The intervention will be delivered through existing service delivery networks – i.e. through nurseries, MOH PHCs and home visits by MOSD social workers.¹⁹ Service providers will be equipped with tablets containing a digital script with detailed guidance on how to conduct information sessions tailored to caregivers’ and children’s needs. Caregivers will also be given a toolkit with toys, books, and other material along with detailed guidance on their use for early stimulation. During the first year of project implementation, an international firm will be hired to develop the digital script and the toolkit building on existing material from WB&G. In the second year of the project, the subcomponent will finance the procurement of tablets and training of service providers on how to administer the intervention. Until project closing, the subcomponent will fund eligible implementation cost of the pilot in vulnerable localities of WB&G. The implementation will be supervised by a technical steering committee with representatives from MOH and MOSD. The project will closely coordinate with UNRWA in Gaza to share experiences and relevant materials.²⁰ Upon completion of the pilot, the project will assess the cost-effectiveness of the intervention, comparing its different service delivery modalities.

29. The national ECD website will be a public resource for caregivers with practical information on children’s nutrition and early stimulation needs during the first 1,000 days of life.²¹ The website will have an easy-to-navigate design structured around children’s age brackets and developmental milestones. In addition to informational text, the website will also make use of the multimedia content developed for the parenting intervention under this sub-component and include relevant infographics, audio files and short videos. The use of online resources ensures easy access to timely information for caregivers and will allow the relevant ministries to regularly update information based on citizens’ feedback and suggestions. A smartphone application based on the website will also be developed to optimize easy access from mobile devices. The application will also be used for notifications and text messages that will serve as nudges to promote best parental practices. Once the website is developed and goes online, all sectoral ministries will promote the website through information sessions, public events and press releases. A technical team with members from MOH, MOSD and MOE will be appointed by the National ECD Committee to maintain the website and update it as needed. The technical team will periodically review the use of the website through an embedded monitoring function to further strengthen the content and delivery format as needed.

¹⁹ For example, the parenting intervention could be administered at times of: antenatal care visits (during 0-12, 16-18, 18-22, 28-32, 36 weeks of pregnancy); immunization of children (first day, 1, 2, 4, 6, 12, 18 months of age); growth monitoring (every month during the first year, every other month at age 2, and every 6 months at ages 3 – 5); nursery visits; and community outreach and home visits by nurses, community health workers and social workers.

²⁰ The project will not enter into contractual agreements with or channel any project funds to UNRWA.

²¹ Internet access in WB&G is high, with 64 percent of the population using the internet (on par with the MENA average), and 85 percent of households owning a smartphone (World Development Indicators 2019 and PCBS 2019). In West Bank, 3G mobile internet is available, while Gaza is still limited to 2G.



Component 2: Improving access to high-quality KG services (US\$4.35 million).

30. This component aims to expand access to KG2 and improve the quality of KG services, through the following two subcomponents.

Subcomponent 2.1 Expanding access to KG2 (US\$1.95 million)

31. The objective of this subcomponent is to increase access to KG2. To this end, the subcomponent will finance the expansion of public and private provision through (a) the refurbishment and extensions of public KG2 classrooms (US\$1.05 million), and (b) the design and piloting of a public-private partnership (PPP) model (US\$900,000). The focus on KG2 is in line with the PA's priority to universalize access to KG2 and reach children from a disadvantaged background.

32. New KG2 classrooms will be financed in public schools that meet the following criteria: (a) that the public school has available land to construct a KG2 classroom, or has an existing classroom or space that can be refurbished into a KG2 classroom; (b) that the poverty head count rate of the school's locality is statistically significantly higher than the West Bank average; (c) that there is high demand for KG2 services in the school's locality based on latest population and KG2 enrollment data; and (d) that the number of public and private KG2 classrooms in the school's locality is insufficient to meet local demand for KG2 services

33. Classroom refurbishments consist of repurposing existing classrooms or other available space in public primary schools and turning them into KG2 classrooms. Classroom extensions consist of constructing a KG2 classroom in public primary schools with available land and furnishing them. Where needed, this subcomponent will also finance necessary amenities such as child-sized bathrooms, a kitchen, and child-sized playgrounds.

34. This subcomponent will also finance the design and piloting of a PPP model to leverage existing KG2 private providers to expand their capacity. Specifically, the following activities will be financed:

- i. *Market analysis:* In Year 1 of the project, a firm will be hired to conduct a market analysis of private KG2 providers to underpin the design of the PPP model. A mapping exercise conducted jointly by MOE-WB during project preparation estimates the presence of 1,116 registered private KG providers, and 165 unregistered ones operating in West Bank (see Annex 4, Figure A4.2). The market analysis will build on this mapping exercise, to identify a subset of providers that are most suitable for MOE to partner with under the PPP pilot, based on demand- and supply-side considerations.
- iii. *Technical design of PPP pilot:* In the latter part of Year 1, a firm will be hired to develop the design of a PPP pilot that allows MOE to strategically purchase quality KG2 provision from selected private providers. Informed by the market analysis and a review of the legal framework, the technical design should specify a legally and financially feasible contractual arrangement and monitoring system.
- iv. *Roll-out of the PPP pilot:* In Years 2-5 of the project, the subcomponent will finance monetary transfers from MOE to selected private providers that have been identified under the technical design of the PPP pilot, for a maximum of US\$700,000. Transfers to private KG providers will be made proportional to the number of additional children they enroll at the beginning of the academic year. Providers will be subject to inspections by a government agency to verify enrollment and compliance with quality standards. The amount transferred to each provider will be published in the local newspaper to ensure downward accountability to the community. Private providers may be required to keep simple accounts and get the financial statements at the end of the year certified by the district supervisors.
- v. *Costing of the pilot:* An assessment of the cost-effectiveness of the pilot will be conducted, including considerations for a potential scale-up.



35. In an environment where the government has made KG2 mandatory by law, in spite of constrained resources, this subcomponent provides two important contributions. First, by increasing public and PPP provision, the project will enable a total of 2,160 additional children to be enrolled in KG2 over the course of the project. This impact will be significant for children and families, many of whom come from a high-poverty background, albeit small in magnitude at the national scale, with approximately 33,000 5-year-old children out of KG2. The second contribution is the design, costing and evaluation of a PPP pilot that could provide a financially feasible model to guide the government and donor's investments towards universalization of KG2.

Subcomponent 2.2 Enhancing the quality of KG services (US\$2.4 million)

36. The objective of this subcomponent is to enhance children's learning experience by improving teaching practices in Palestinian KG classrooms. To this end, the subcomponent will finance three activities:

- i. Development and roll-out of an in-service KG teacher professional diploma (US\$1.5 million)
- ii. Development, production and distribution of a KG teacher toolkit (US\$0.6 million)
- iii. Development of a KG quality assurance system (US\$0.3 million)

37. The KG teacher professional diploma will be a comprehensive, one-year in-service professional development program targeting private KG teachers who lack formal training in early childhood education (ECE). It will include modules on child-centered pedagogy, early literacy and numeracy, socio-emotional skills, integration of children with disabilities, and methods to cope with stress in an FCV environment. The diploma will be delivered through recurring, center-based workshops accompanied by individual coaching and follow-up sessions. Expert trainers will be recruited from four local universities in West Bank and one local university in Gaza. KG supervisors from MOE and staff from the National Institute of Education Training (NIET) will be trained to become coaches and facilitators for the diploma. During the first year of the project, the curriculum and training materials for the KG teacher professional diploma will be developed.²² In the second phase, the subcomponent will fund eligible cost for rolling out the KG teacher professional diploma, including trainer fees and logistics. The roll-out will follow a gradual phase-in approach.²³ Over the life cycle of the project, this subcomponent aims to reach about 900 KG teachers in West Bank (i.e. one quarter of KG teachers) and 100 KG teachers in Gaza.

38. The KG teacher toolkit will provide hands-on support for KG teachers to implement targeted learning activities in the classroom that are well aligned with the Palestinian KG curriculum. The toolkit will include materials such as toys, story books, and other equipment, accompanied by a detailed script with specific guidance on their usage for age-appropriate activities. The toolkit will be distributed as part of the KG teacher professional diploma and through regular monitoring visits by MOE's KG supervisors. In the first year of the project, the subcomponent will fund a firm to develop the toolkit and provide training to KG supervisors on how to effectively demonstrate its use. The subcomponent will then fund the production of approximately 2,000 toolkits, which will be distributed to all public KG teachers, 40 percent of private KG teachers with no formal training in ECE and 200 KG teachers in Gaza.

39. To further support the continuous improvement of KG instruction, this subcomponent will fund the piloting of a quality assurance (QA) system. As such, the project will finance the following activities: (i) *Strengthening KG quality standards* (informed by a review of existing standards and international examples); (ii) *Adapting a monitoring tool* (for easy and rapid administration by KG supervisors); (iii) *Aligning monitoring visits with quality* (by equipping all 37 KG supervisors with tablets programmed with the monitoring tool); and (iv) *Developing mechanisms for continuous quality*

²² This will also include the development of the content and material for refresher trainings. The refresher trainings will be short versions of the KG teacher professional diploma modules to be used for continuous professional development.

²³ The impact of the KG teacher professional diploma on teaching practices and children's development outcomes will potentially be subject to a rigorous evaluation in a randomized controlled trial (RCT). The evaluation will use separate financing and would not be funded under this project.



improvement (i.e., a KG supervisor dashboard will provide a summary of strengths and weaknesses for each observed KG teacher, with a tailored coaching script and a customized suggestion for the timing and frequency of follow-up visits. Leveraging the content developed for the Diploma, short, digital “booster training modules” will be designed to provide continuous development).

Component 3: Improving availability of ECD data (US\$0.6 million)

40. The objective of this component is to improve the availability of relevant ECD data to strengthen sectoral and multisectoral planning of ECD services in WB&G. To this end, the following activities will be financed:

- i. *Collection, digitization and sharing of KG and nursery data:* The activity will finance consulting services and the procurement of specific IT equipment to support the collection of any identified missing variables, the personal identification of all data through the Palestinian National ID number, the digitization and central compilation of relevant KG data at MOE, and nursery data at MOSD, and making key data publicly available.
- ii. *Development of a strategy for the use of multisectoral ECD data:* This activity will propose a governance arrangement and code of practice for a multisectoral information and management system for ECD in WB&G.
- iii. *Capacity building on the use of ECD data for sectoral and multisectoral planning:* The capacity building will support a series of workshops for relevant MOE and MOSD staff on proper KG and nursery data entry, submission, compilation, analysis and dissemination. It will also include workshops for key officials from MOH, MOE, MOSD and the National ECD Committee on the use of ECD data for evidence-based policymaking.

Component 4: Project management and implementation support (US\$ 1.05 million)

41. The project will be co-managed by the MOE Project Coordination Unit (MOE-PCU) and the MOH Project Management Unit (MOH-PMU), in close collaboration with MOSD and the National ECD Committee (see Table 1).

Subcomponent 4.1 Project management and implementation support for MOH (US\$ 0.35 million)

42. This subcomponent will support the MOH-PMU in managing and overseeing project activities, including (i) staffing capacity and expertise to lend technical and implementation support; (ii) data collection, aggregation and periodic reporting on the project’s implementation progress; (iii) monitoring of key performance indicators under component 1; and (iv) collaborating with MOE-PCU on joint reporting of project progress and financial reports.

Subcomponent 4.2 Project management and implementation support for MOE (US\$ 0.7 million)

43. This subcomponent will support the MOE-PCU in managing and overseeing project activities, including (i) staffing capacity and expertise to lend technical and implementation support; (ii) data collection, aggregation and periodic reporting on the project’s implementation progress; (iii) monitoring of the project’s key performance indicators; and (iv) overall project operating budget and audit costs. In addition, this subcomponent will finance any cost incurred to monitor and ensure compliance with the environmental and social safeguards provisions that apply this project.

Table 1: Lead implementing agency by component

Component	Lead Implementing Agency
Component 1: Promoting early healthy development	MOH, in close collaboration with MOSD
Component 2: Improving access to high-quality KG services	MOE
Component 3: Improving availability of ECD data	MOE, in close collaboration with MOSD



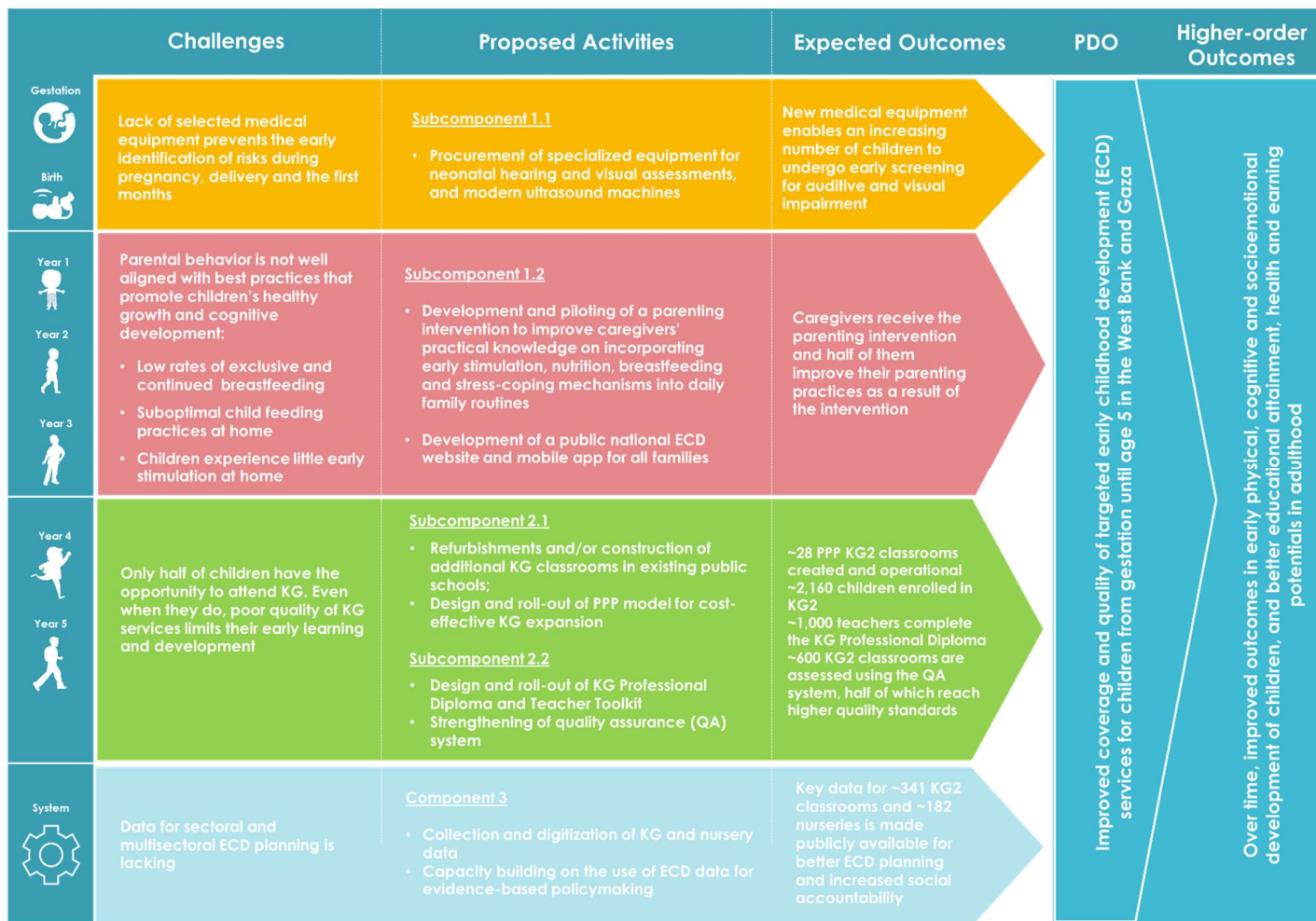
C. Project Beneficiaries

44. The following groups are project beneficiaries:
- a. Children under five years of age
 - b. Pregnant women and caregivers (including mothers, fathers and other types of caregivers) who will benefit from the parenting intervention
 - c. Social and community health workers, nursery staff, and PHC staff who will benefit from training activities
 - d. KG teachers who will benefit from the professional diploma, toolkit, and/or QA system



D. Results Chain

Figure 2. Results Chain





E. Rationale for Bank Involvement and Role of Partners

45. **With no major donor currently providing substantial funding for Palestinian ECD services, the Bank is addressing a critical need for financial support.** The value added of the Bank's involvement goes beyond the financial dimension and includes rich technical expertise on ECD in the region. Several MENA countries are currently pursuing reforms in the ECD sector with World Bank support, including Egypt, Jordan, Tunisia and Morocco. The Bank's involvement in all these reform efforts will facilitate regional knowledge exchange. In addition, the World Bank can build on a strong track record of successful engagement with the Ministries of Education, Health and Social Protection in WB&G. The Bank's convening power will facilitate the Palestinian ECD sector's move towards multisectoral planning and service delivery.

46. **The Bank's support is complementary to development partners' areas of engagement with the Palestinian Authority.** The design of this project was developed in consultation with the Joint Financing Partners (JFP)²⁴ and other relevant stakeholders in WB&G to ensure that the project will not duplicate existing efforts. The JFP do not have any major active or pipeline projects aimed specifically at ECD services. UNICEF has been very active in the Palestinian ECD sector, chairing the National ECD Committee and spearheading the development of a screening tool to detect developmental delays and special needs of young children. The Bank will continue to coordinate closely with UNICEF to exploit potential synergies that may arise during project implementation. The project team also engaged in discussions with UNRWA to share experiences and materials on the parenting intervention. The project will, however, not enter into contractual agreements with or channel any project funds to UNRWA.

F. Lessons Learned and Reflected in the Project Design

47. The design of this project draws on lessons learned from international experience in implementing ECD projects and a portfolio review of relevant World Bank projects implemented in WB&G over the past decade. The project design further incorporates measures to mitigate risks present in a context affected by fragility, conflict and violence.

- a. **Ensure clear roles and responsibilities of all stakeholders involved.** With two implementing agencies (MOE and MOH) and a number of other stakeholders involved (MOSD, NIET, local universities, etc.), the project will require strong coordination and implementation arrangements. A financial manual and other relevant resources will outline procedures in a clear and detailed manner. In addition, the Bank's support will have a dedicated focus on establishing efficient and effective multisectoral implementation arrangements during the early stages of project implementation.
- b. **Identify strategic entry points of ECD service delivery for parenting interventions.** Parenting interventions can take place in a variety of settings, including at home, at nurseries, at community centers, or at health facilities. It is key to identify the most cost-effective service delivery channel to reach the target audience. To this end, the project will pilot its parenting intervention in a variety of settings and make sure that detailed information on beneficiary numbers and associated cost of reaching them will be collected, such that MOH can refine the intervention in an iterative process over the course of the project life cycle.
- c. **Leverage the private sector where possible and use public sector investments where necessary.** It is often neither efficient nor financially feasible for the public sector to become the only/major provider of KG services, particularly in most MENA countries where the KG sector is dominated by private providers. In an effort to maximize the impact of the available financing under this project for improving access to KG, the project design follows a hybrid approach. Public KGs will be built/refurbished in areas where poverty rates are high and private

²⁴ The Joint Financing Partners include, among others, representatives of bilateral development partners from Finland, Ireland, Norway, and Germany.



sector penetration is low. In addition, the project will finance the technical design of a PPP modality to incentivize the expansion private KGs.

- d. **Make hands-on practice and follow-up visits an integral part of teacher professional development.** A review of teacher professional development programs around the world has revealed certain key features associated with better learning outcomes. These features include, among others, the inclusion of lesson enactment, face-to-face training, subject focus, and follow-up visits (Popova et al. 2018). The Teacher Education Improvement Project (TEIP) provides further evidence on the importance of hands-on practice for changing classroom instruction in WB&G. The pre-service professional development program for primary school teachers under TEIP includes a comprehensive practicum module, which has been described as integral to the effectiveness of the program. These lessons learned will be reflected in the design of the KG teacher professional diploma.
- e. **To achieve sustainable quality improvements, quality assurance and accountability mechanisms need to be set up at the systems level.** International best practice has shown that a robust quality assurance system requires four key elements: (1) clearly defined quality standards, (2) valid and reliable tools to measure schools against set standards, (3) regular school visits to administer these tools, and (4) tailored actions and mechanisms triggered by monitoring results to continuously improve quality. The project design reflects these lessons learned and will provide support for establishing the necessary architecture for a quality assurance system for KG. Furthermore, through its third component, the project will support making this data publicly available as a step towards strengthening social accountability in WB&G's ECD sector.
- f. **Adapt the project design to the FCV context.** A parenting intervention in an FCV context requires a much larger focus on psychosocial support for caregivers and demonstrating mechanisms to cope with stress than in other contexts. Similarly, the KG teacher professional development program will require a dedicated module on the impact of FCV on the KG environment. In addition, FCV contexts are prone to create unpredictable logistical challenges that have to be addressed quickly as interventions are being rolled out. A certain degree of flexibility is built into the project timeline to account for these uncertainties.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

48. **Recipient.** The recipient of the grant is the Palestinian Liberation Organization (PLO) for the benefit of the Palestinian Authority (PA) as with nearly all cases of assistance provided under the Trust Fund for Gaza and West Bank. The PLO will make the proceeds of the grant available to the PA through a Subsidiary Agreement. The project will be jointly implemented by MOE and MOH, and the Ministry of Finance (MOF) will open the Designated Accounts (DAs) on behalf of the two implementing entities. Advances made to the DAs would not be commingled with other resources of the PA. Additionally, MOF will be in charge of managing external financial audits and withdrawal applications.

49. The project will be jointly implemented by the MOE-PCU and the MOH-PMU. The MOE-PCU and MOH-PMU are currently managing Bank-funded projects and are very experienced in ensuring full compliance with the Bank's guidelines and procedures. The joint responsibility for implementation reflects lessons learned from previous multisectoral projects in the West Bank and Gaza. Most notably, having two implementing entities with separate designated accounts will facilitate the project's flow of funds and contracting of relevant consultants and services. Project implementation oversight for component 1 will rest with MOH-PMU while activities under components 2 and 3 will be overseen by MOE-PCU. Each project unit is headed by a director who will be responsible for: (i) coordinating implementation and ensuring



the overall technical coherence of the project activities across the relevant ministries and liaise with respective district offices and municipalities; and (ii) coordinating all technical, operational, monitoring and evaluation (M&E), financial management, procurement and environmental and social safeguards aspects within the respective units and departments at MOE and MOH. Each project unit director will supervise the work of their respective staff and consultants attached to their units, be responsible for the day-to-day activities of the proposed component activities and maintain adequate staffing capacity and expertise to lend technical and implementation support to the project, including the hiring of an Environmental and Social Officer (ESO). Both MOE and MOH, through their respective project units, will report regularly to the Bank on project implementation progress, results monitoring, proposed annual work programming, budgeting, financial management and procurement. To streamline this process, MOE will be in charge of producing a joint progress report for the project.

50. **Project Operations Manual (POM).** The MOE and MOH are required to jointly produce, by project negotiations, a POM which will provide detailed information on how the project will operate throughout the implementation period, in particular detailing coordination mechanisms and procedures between the two ministries. The POM should include a detailed project description and specify for each ministry the applicable procedures, guidelines, reporting mechanisms, roles and responsibilities. Furthermore, the POM will include a description of the overall flow of funds and disbursement mechanisms, financial management and procurement processes, as well as procedures related to auditing, M&E, reporting, and governance. Lastly, the POM will also include guidelines on filing grievances and conflict resolution.

51. **Coordination and Harmonization of Efforts.** The National ECD Committee is a consultative body which will be leveraged as a forum to discuss and ensure harmonization of different ECD-related initiatives, coordinate relevant ECD stakeholders including ministries, institutions, NGOs and other relevant partners, and monitor project implementation progress.

52. **Implementation Support.** Implementation support will be provided by the Bank throughout the lifetime of the project. Support will include regular implementation support missions where close policy dialogue on ECD will be continued and necessary technical advice will be provided to help the client achieve the PDO. Moreover, ongoing technical expertise will also be available through the Bank's country-based co-TTL. For non-technical implementation support, fiduciary and safeguards staff, located in the country office, will continue their day-to-day interactions and implementation support. Finally, a detailed midterm review mission about two years after project effectiveness will be conducted. The midterm review mission will, among other things, analyze progress toward achieving the main result indicators and determine where adjustments are needed. See Annex 1 for the implementation support plan.

B. Results Monitoring and Evaluation Arrangements

53. **Monitoring and Evaluation.** Project monitoring and evaluation will be the responsibility of the MOE and MOH in close coordination with MOSD and other relevant stakeholders. As mentioned above, MOE and MOH will prepare and submit to the Bank joint progress reports—the consolidation of which will be the responsibility of MOE—on a semiannual basis that include (inter alia) information on project results framework indicators, Annual Work Plan targets and results achieved, budget situation, financial management and procurement status, as well as safeguards monitoring reports. The format of the report will be included in the POM. The POM will include all periodic reporting and M&E arrangements throughout the project cycle. Project monitoring will be done using ministries' information systems, which will be strengthened under Component 3 of the project, thus greatly facilitating data gathering, analysis and reporting, and measuring project performance. This system will also support monitoring of the PDO and intermediate indicators.

54. **Reporting.** Following Bank's standard reporting arrangements, MOE and MOH will submit joint semiannual progress reports to the Bank in a timely manner. Similarly, they will prepare Interim Unaudited Financial Reports (IFRs) semi-annually from project effectiveness through project closing. Audited project financial statements are to be prepared on an annual basis and be furnished to the Bank no later than six months after the end of each year.



Additionally, the PA, in conjunction with the World Bank, will carry out a mid-term review, covering the progress achieved in the implementation of the project. To that end, the MOE and MOH will prepare and furnish to the Bank a report describing the results and progress achieved in the implementation of the Project during the period preceding the date of such report, and laying out the measures recommended to ensure the efficient implementation of the Project and the achievement of the objective of the Project during the period following such date. This review will be used to identify performance improvement opportunities and to prepare a revised action plan to guide implementation during the remaining life of the project. Finally, the PA will prepare an Implementation Completion Report of the Project to be furnished to the Bank within six months of project closing.

C. Sustainability

55. **There is a strong government commitment and ownership towards the ECD agenda in WB&G.** In 2017, the National ECD Strategy was developed and endorsed by MOE, MOH and MOSD, and a National ECD Committee was established to spearhead its implementation. Project sustainability was built into the design of the project by fully aligning the operation's interventions with the national strategy. In addition, the project's emphasis on institutional capacity building, and awareness raising among communities and families will strengthen its sustainability.

56. **By enhancing the effectiveness of existing PA financial and human resources, the project will only require minimal additional fiscal resources to be sustainable.** The project mostly relies on existing delivery channels and human resources. Furthermore, the piloting of a PPP model for kindergarten will help determine cost-effectiveness and provide the basis of how future KG expansion cost could be jointly shared between the PA, private sector and donors' contributions. Similarly, the piloting of the parenting intervention will leverage different delivery channels to find out which one is the most cost-effective. These cost analyses of activities planned under components 1 and 2 will strengthen the likelihood of project activities being continued after the project closes.

57. **The project has strong synergies with ongoing World Bank projects in the health and social protection sectors that reinforce the sustainability of its activities.** Specifically, the project is well aligned with the Social Protection Enhancement Project (P160674) and the Health System Resiliency Strengthening Project (P150481). Under the Social Protection Enhancement Project, an improved digital case management system for social welfare recipients is being developed that will particularly support the sustainability of activities under component 3, which aim to improve the availability of ECD data and targeting of ECD services. By setting the conditions to effectively link to the case management system, the project can help pave the way towards a multisectoral management and information system for ECD. In addition, the parenting intervention under component 1 aligns fully with the objectives of the Health System Resiliency Strengthening Project to strengthen the quality of services at primary healthcare centers.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

58. **Rigorous studies have shown that investments in early childhood can yield very high returns.** A meta-analysis of 40 combined nutrition and early stimulation interventions in low- and middle-income countries shows that these



programs had an average effect size of 0.42-0.47 on cognitive and language development.²⁵ These interventions not only yield large benefits in terms of child development outcomes but are also highly cost-effective. For example, investing in interventions to increase exclusive breastfeeding rates can yield economic returns up to US\$35 for every US\$1 invested.²⁶ Similarly, early stimulation programs can also be highly cost-effective. A rigorous analysis of an early stimulation intervention in Bangladesh suggests that a one-point increase in cognitive and language outcomes in a composite score cost between 3.11-6.02 US dollar.²⁷ For high-quality early childhood education (ECE) programs implemented in the United States, the estimated internal rate of return ranges between 7 and 14 percent per annum (Heckman et al. 2010; García et al. 2017). Evidence suggests that substantial improvements in adult outcomes on employment, health and education stem from the lasting impact of ECE on cognitive and socio-emotional skills (Heckman et al. 2013). The effects of early nutrition, stimulation and education may be even larger for children from low-income households as compared to their peers from higher-income families (Weiland and Yoshikawa 2013).

59. **Given the low uptake of these critical early interventions by Palestinian families, and the mounting evidence on their high cost-effectiveness, there is a strong rationale for public investment in ECD in WB&G.** Knowledge gaps and information asymmetries are key factors driving the low rates of exclusive breastfeeding (38 percent), continued breastfeeding along with complementary food (12 percent) and early stimulation in WB&G. As such, there is a strong rationale for public investments that improve caregivers' knowledge on how to incorporate best early nutrition and stimulation practices at home. At the same time, given persistent market failures in KG service provision and inequitable access to KG, there is a strong rationale for public investment in the KG sector. As the Palestinian Authority is striving to universalize access to KG2 under its National ECD Strategy, substantial public investments will be necessary to enroll the entire target population of 5-year-old children. As of 2019, gross enrollment in KG2 is at 72 percent. As the population of 5-year-olds is projected to grow, the enrollment rate will drop to 67 percent by 2022 if KG2 services do not expand in the coming years. By partnering with the private sector and investing in public KG2 provision where necessary, WB&G can counter this trend and move towards universal access to KG2. As part of this effort, WB&G needs to put a special focus on equity. Currently, a child from the richest quintile of households in WB&G is twice as likely to attend ECE as a child from the poorest quintile (El-Kogali and Krafft 2015).

60. **The project is estimated to yield positive returns on investment.** A cost-benefit analysis was conducted that compared the cost of expanding access to KG2 to the present value of the estimated life-cycle benefits. It is assumed that increased enrollment in KG2 will lead to higher educational attainment of project beneficiaries, thus raising future employability and wages. The estimated net present value (NPV) of the project is US\$2,865,455, with an Internal Rate of Return (IRR) of 7 percent. These results are robust to a sensitivity analysis that reduces the number of beneficiaries and modifies the discount rate, suggesting that, even under conservative assumptions, the expected benefits of the project will outweigh the cost.

61. **The positive social externalities of the project provide an additional rationale for project investment.** As high as the above estimated economic returns may be, they do not capture the social and intangible benefits to increasing access to quality early childhood development services. These benefits range from improvements in health outcomes to greater equity, social welfare and positive intergenerational externalities (Heckman et al. 2010, Heckman and Karapakula 2019).

62. Further details on the economic analysis are provided in Annex 4.

²⁵ Aboud, Frances E. and Aisha K. Yousafzai. 2015. "Global Health and Development in Early Childhood." *Annual Review of Psychology*, Vol. 66: 433-457.

²⁶ An Investment Framework for Nutrition: Reaching the Global Targets for Stunting, Anemia, Breastfeeding, and Wasting Directions in Development - Human Development. April 2017.

²⁷ Chinen, Marjorie and Johannes M. Bos. 2016. "Impact Evaluation of the Save the Children Early Childhood Stimulation Program in Bangladesh: Final Report." *American Institutes for Research, International Research and Evaluation Program*.



B. Fiduciary

(i) Financial Management

63. The project level FM risk is rated at Substantial and there will be measures in place to reduce the risk, see Annex 1 for more detail. The current financial management performance for the existing projects that are implemented by the existing PMUs is Satisfactory. The new project will have the same staffing as the existing projects and therefore two experienced PMUs. There will be close supervision provided by the team, and regular audits will be conducted.

64. The current financial management (FM) staff working on World Bank projects of the MOH-PMU and MOE-PCU will be the main counterparts responsible for financial management arrangements. Both teams have substantial experience with WB policies and procedures and are very knowledgeable about financial management and disbursement processes for WB projects. Two US Dollar DA accounts will be opened by the MOFP for the project. One will be managed by the MOH and the other by MOE. Each implementing agency will be responsible for managing its own finances. Withdrawal applications will be submitted by both implementing agencies with the supporting documentation to the WB.

65. Interim Unaudited Financial Reports (IFRs) should be submitted to the WB semi-annually within 45 days after the end of the period. IFRs should be consolidated for all components by the MOE-PCU FM staff. Per the Grant Agreement, annual audited financial statements will be required within six months after year-end. Project financial statements will be audited in accordance with international audit standards by an independent audit firm acceptable to the World Bank; the firm will be recruited on a competitive basis based on Terms of Reference (ToR) acceptable to the Bank. The external auditor, using relevant technical specialists as needed, will also conduct an annual technical audit for subcomponent 2.1 (KG refurbishment/extension) when those activities begin. The cost of the audit will be financed from the Grant proceeds. The audited annual project financial statements will be publicly disclosed.

66. Financial management and disbursement arrangements will be detailed in the POM after appraisal. Annex 1 provides further details on FM arrangements for the project.

(ii) Procurement

67. Procurement for the project will be carried out in accordance with the “World Bank Procurement Regulations for Borrowers under Investment Project Financing” dated July 2016, revised in November 2017 and in August 2018. “The Guidelines on Preventing and Combatting Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011 and as of July 1, 2016, shall apply to the Project.

68. MOH will be responsible for procurement under Component 1 while MOE will be responsible for procurement under Components 2 and 3. Both MOE and MOH have existing project coordination units with adequate capacity and experience in the Bank’s procurement regulations, though certain delays have been experienced in the previous projects due to the bureaucratic decision-making process. The project will finance goods, small civil works, ICT and consultants’ services. The PPSD and the draft Procurement Plan for the first 18 months have been developed and the largest procurement value initially identified is US\$ 0.46 million. An updated procurement risk and capacity assessment of MOH and MOE has been carried out by the Bank and various risks and mitigation measures identified as detailed in Annex 1.

69. Procurement risk is rated **Moderate**. Detailed procurement arrangements are described in Annex 1.



C. Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

D. Environmental and Social

The project is classified as Moderate Risk, given the combination of environmental and social impacts of the project activities in the education and health sectors. The environmental impacts are related to the construction of new KG classrooms within the existing footprint of selected schools in West Bank and Gaza, rehabilitation of existing classrooms, possibly installation of furniture and play equipment, the occupational health and safety for the operation of supplied medical equipment (mainly monograms and general stats monitoring equipment), minimal medical waste is expected to be generated. All these aspects will be examined in detail during project preparation and confirmed at the appraisal stage. Given the above-mentioned moderate impacts and the limited existing capacity for environmental and social risk management within the existing PIU and the concerned ministries., the combined ES risk rating is moderate.

70. **Impacts/Risks.** The project will include education and health-related activities. In the education components, simple construction of new KG classrooms, rehabilitation of existing classrooms and possible installation of furniture and play equipment, are going to take place within existing schools. This activity is expected to generate small quantities of construction wastes which can be managed through local authorities. Air emissions from construction equipment and dust as well as high noise levels are expected which may have negative impacts on the human health (especially on students) and on the environment. Due to the small scale of the construction/rehabilitation activities, it is not expected to have labor or construction camps. There are some occupational health and safety concerns regarding the students and teachers as well as construction workers due to construction works within already operating schools. No ecological impacts are expected since the construction of the new classrooms will be within the existing footprint of selected schools in urban and rural areas in West Bank. As for the health component, the project intends to procure basic medical equipment to be used for prenatal checkups. The existing institutional capacity within the relevant implementing agencies is currently adequate to manage the types of risks associated with the project activities. Therefore, the environmental risk of this Project is considered moderate.

71. **ESMF.** The ESMF has been prepared and reviewed by the Bank. Site specific ESMPs (possibly checklist type) shall be prepared at later stages for each of the identified work sites and in accordance with the cleared ESMF.

72. **ESCP and SEP.** The Borrower has prepared an Environmental and Social Commitment Plan (ESCP) with specific deliverables, timeframe and responsibilities and a Stakeholder Engagement Plan (SEP). Finally, a Labor Management Procedures (LMP) will be prepared during the project implementation. With regards to land, the project intends to only do construction in the foot print of the existing schools and KGs. However, given that many KGs are private in case during the project implementation land would be needed since there will be no significant impact site specific Resettlement Plans may be needed to establish eligibility and criteria for affected persons, set out procedures and standards for compensation, and incorporate arrangements for consultations, monitoring and addressing grievances.

73. **Citizen Engagement.** The project recognizes the key role that beneficiaries can play in improving project activities and enhancing their contribution to achieving the targeted development outcomes. Engaging communities on the design and development of resources for caregivers and KG teachers will be an integral part of the project to ensure any material developed is properly adapted to the local context. This engagement will be organized in a way that ensures equal



participation of mothers, fathers, KG teachers, children, and other relevant stakeholders. In addition, the project will embed a feedback mechanism for continuous improvement of the parenting intervention under subcomponent 1.2. The feedback form will be programmed on the tablets used for administering the intervention to allow for timely and reliable data collection. Specifically, the project will be seeking feedback from caregivers on: (a) the informational content (e.g., are there any topics that caregivers would like to learn more/less about), (b) the adequacy of the delivery format, and (c) overall satisfaction with the services provided. The aggregate feedback will be reviewed by the implementing agencies on a regular basis and feed into an iterative process to improve the intervention design.

E. Grievance Redress Services

74. Communities and individuals who believe that they are adversely affected by a WB supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org. In addition, environmental and social complaints can be lodged through different means: (a) electronically; (b) by phone; (c) by e-mail or (d) in person at the MOE complaints unit in Ramallah or MOH complaints unit in Nablus.

V. KEY RISKS

75. **The overall risk is high.** The proposed project will build on the successful implementation of four education operations by the same implementation agency—MOE—where most identified risks were downgraded to “Moderate.” However, there are a number of exogenous “High” risks, which may affect implementation, including the Political and Governance Risk and the Macroeconomic Risk. Finally, given the multisectoral nature of the project and the various stakeholders involved, the Technical Design Risk is also rated as “High”.

76. **Political and Governance risk is high** due to the potential impact of the political instability on project implementation, particularly in Gaza. To mitigate the effects of the fragile country context, particularly in Gaza, the project will be closely monitored and supported by the Bank, through frequent missions to ensure uninterrupted flow of funds. The project will mostly focus on soft components (i.e., quality enhancements) that are unlikely to be severely impacted by the access and mobility restrictions. The project will also closely coordinate with development partners and UN agencies who are engaged in complementary activities or parallel financing to address any emerging uncertainties or bottlenecks.

77. **Macroeconomic risk is high** due to the high fiscal deficit financed mostly through donor grants, which have been relatively unpredictable and on a declining path since 2008, repeated suspensions of tax revenue payments for taxes collected by Israel on behalf of the Palestinian Authority, and lack of control over public finances in Gaza. Together, these factors may affect the achievement of the PDO. To reduce the effects of potential macroeconomic shocks, the Project is being implemented in close coordination with development partners and will promote public private partnerships to maximize financing towards the development outcomes.



78. **Risk related to sector strategies and policies is moderate.** The National ECD Strategy, drafted in 2017, is generally adequate for the purposes of the project, and is being mainstreamed into line ministries' strategies and policies. ECD sector governance and funding are nascent but growing in prominence.

79. **Technical design risk is high.** This is the first multisectoral project in Human Development in West Bank and Gaza. The achievement of the PDO will depend on the ability of the government to work effectively across ministries. Specifically, the design of component 1 requires the effective collaboration of MOH and MOSD, while the design of component 3 entails the collaboration of MOH, MOSD and MOE. For component 2, the analytical base is still being developed. To mitigate this risk, a local ECD fellow will be recruited to strengthen the Bank's day-to-day technical support and facilitate the ongoing coordination and collaboration among ministries. In addition, as part of its analytical advisory services, the Bank will mobilize global, regional and local expertise to provide tailored technical assistance in support of the project objectives.

80. **Institutional capacity risk is moderate.** Institutional capacity at MOE and MOH is strong and adequate. Both ministries have previous experience with implementing WB operations and a qualified PCU/PMU staff. The implementation of certain project activities will however require the hiring of external consultants. Monitoring and evaluation arrangements will also need to be strengthened.

81. **Fiduciary risk is substantial.** The country-level fiduciary risk in the PA system is rated as high before mitigation. This is mainly due to deterioration in the financial reporting of the PA and delays in the issuance of public sector financial statements as well as the risk of fraud and corruption. However, after mitigation measures, the project-level risk as well as the entity-level risk are assessed as substantial. Mitigation measures will include strong management information systems, experienced FM and procurement staff that are currently working on WB projects, close supervision by the team, as well as regular financial audits.

82. **Environmental and social risk is moderate.** The potential adverse impacts on human populations and/or the environment are not likely to be significant, they are short-lived during construction phase only, contained and reversible in nature. The existing capacity and resources of the implementing agencies, local authorities, and local contractors are adequate to manage and mitigate any associated environmental or social risks.

83. **Stakeholder risk is low.** The National ECD Committee, and the local donor partner group have endorsed the project. The operation's objectives are widely discussed, and no stakeholders are opposed to the operation. Donor interventions are well coordinated and complementary to each other.



VI. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: West Bank and Gaza

Improving Early Childhood Development in the West Bank and Gaza

Project Development Objectives(s)

Improve the coverage and quality of targeted early childhood development services for children from gestation until age 5 in the West Bank and Gaza.

Project Development Objective Indicators

Indicator Name	DLI	Baseline	End Target
Improve coverage of targeted ECD services			
Share of caregivers that received the parenting intervention and self-reported improved parenting practices, disaggregated by father, mother, or other type of caregiver (Gender Results Indicator) (Text)		0%	50%
Number of children enrolled in KG2 as a result of the project, disaggregated by public and PPP provision (Text)		0.00	2,160
Improve quality of targeted ECD services			
Share of KG2 classes that reach higher quality standards based on the new QA system (Text)		0%	50%



Intermediate Results Indicators by Components			
Indicator Name	DLI	Baseline	End Target
Promoting early healthy development			
Number of children undergoing early screening for auditive problems (Text)		0.00	tbc
Number of PHC staff, social workers, and nursery staff trained to administer the parenting intervention (Text)		0.00	417.00
Improving access to high-quality KG services			
Number of public-private partnership (PPP) KG2 classrooms created and operational (Text)		0.00	28.00
Number of KG2 teachers who completed the KG professional diploma (Corporate Results Indicator) (Text)		0.00	1,000
Share of KG2 teachers who find that the KG professional diploma meets their professional development needs (Citizen Engagement Indicator) (Text)		0%	75%
Number of classes supplied with KG Teacher Toolkits (Text)		0.00	2,000
Number of KG2 classes where teaching practices and children's learning has been assessed through the new QA system (Text)		0.00	600.00
Improving availability of ECD data			
Number of KG2 classes where relevant data is digitized and compiled centrally (Text)		0.00	341.00
Number of nurseries where relevant data is digitized and compiled centrally (Text)		0.00	182 (tbc)
Number of nurseries and KG2 classes for which data on their quality has been made publicly available (Text)		0.00	523 (tbc)



Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Share of caregivers that received the parenting intervention and self-reported improved parenting practices, disaggregated by father, mother, or other type of caregiver (Gender Results Indicator)	Share of caregivers that received the parenting intervention and self-reported improved parenting practices in at least one dimension (breastfeeding, child feeding practices, early stimulation). This will be disaggregated by father, mother, or other type of caregiver.	Annual (starting at the end of Year 2)	MOH and MOSD	Service providers will administer the parenting intervention using tablets. These interactions with caregivers will be leveraged to collect data on the tablets about caregivers' self-reported practices regarding breastfeeding, child feeding practices, and early stimulation.	MOH
Number of children enrolled in KG2 as a result of the project, disaggregated by public and PPP provision	Number of children enrolled in KG2 as a result of the project. The number of children will be disaggregated by those enrolled in public KG2, and those enrolled through the newly created public-private partnership (PPP) classrooms.	Annual (starting at the end of Year 2)	MOE	MOE school census	MOE
Share of KG2 classes that reach higher quality standards based on the new QA system	A new Quality Assurance (QA) system will be used to assess KG2 classes along a	Annual (starting at the end of	MOE	Regular quality inspections by MOE	MOE



	quality classification continuum. This indicator tracks the percentage of KG2 classes that reach at least one higher level in the KG quality classification continuum.	Year 3)			
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Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Number of children undergoing early screening for auditive problems	Number of children undergoing early screening for auditive problems, using the newly procured medical equipment	Annual (starting at the end of Year 2)	MOH	Regular MOH quality inspections	MOH
Number of PHC staff, social workers, and nursery staff trained to administer the parenting intervention	Number of PHC staff, social workers, and nursery staff trained to administer the parenting intervention at their corresponding PHCs, nurseries and home visits	Once (at the end of Year 3)	MOH and MOSD	MOH and MOSD list of trained providers	MOH
Number of public-private partnership (PPP) KG2 classrooms created and operational	This indicator will track the number of KG2 classrooms that are created and become operational as a result public-private partnership (PPP) arrangements.	Annual (starting at the end of Year 3)	MOE	MOE school census	MOE



Number of KG2 teachers who completed the KG professional diploma (Corporate Results Indicator)	Number of KG2 teachers who complete the KG professional diploma	Annual (starting at the end of Year 2)	MOE	MOE's record of training participants	MOE
Share of KG2 teachers who find that the KG professional diploma meets their professional development needs (Citizen Engagement Indicator)	Share of KG2 teachers who complete the KG professional diploma and find that it meets their professional development needs.	Annual (starting at the end of Year 2)	MOE	Satisfaction survey	MOE
Number of classes supplied with KG Teacher Toolkits	Number of classes supplied with KG Teacher Toolkits	Annual (starting at the end of Year 2)	MOE	MOE school census	MOE
Number of KG2 classes where teaching practices and children's learning has been assessed through the new QA system	A new Quality Assurance (QA) system will be developed for KG classes. This indicator will track the number of KG classes where teaching practices and children's learning is assessed using the QA system.	Annual (starting at the end of Year 2)	MOE	Regular MOE quality inspections	MOE
Number of KG2 classes where relevant data is digitized and compiled centrally	Number of KG2 classes where relevant data is digitized and compiled centrally	Annual (starting at the end of Year 2)	MOE	MOE EMIS	MOE
Number of nurseries where relevant data is digitized and compiled centrally	Number of nurseries where relevant data is digitized and	Annual (starting at	MOSD	MOSD Information and Management System	MOSD



	compiled centrally	the end of Year 2)			
Number of nurseries and KG2 classes for which data on their quality has been made publicly available	Number of nurseries and KG2 classes for which data on their quality has been made publicly available	Annual (starting at the end of Year 3)	MOE and MOSD	MOE's EMIS and MOSD's Information and Management System	MOE

VII. INDICATIVE TERMS AND CONDITIONS FOR THE GUARANTEE (When Applicable)

Note to Task Teams: [Click here for guidance on preparing the PAD.](#) *Please delete this note when finalizing the document*

ANNEX 1: Implementation Arrangements and Support Plan

1. Project implementation rests under the joint responsibility of MOE and MOH with targeted implementation support and technical assistance from the World Bank. Specifically, the project will be implemented by the MOE and the MOH through their project coordination unit (PCU) and project management unit (PMU), respectively. Project implementation oversight for component 1 will rest with MOH-PMU while activities under components 2 and 3 will be overseen by MOE-PCU.

Strategy and Approach for Implementation Support

2. The implementation support plan takes account of project-specific challenges and risks defined in the SORT. Implementation support mechanisms that are expected to enhance timely and effective monitoring include (a) regular implementation support missions, (b) regular technical meetings and field visits by the World Bank between formal review missions, and (c) internal audit and FM reporting.

3. The Implementation support will consist of:

- a. Capacity building activities to strengthen the implementation capacity, covering the technical, fiduciary and environmental and social dimensions
- b. Identification of bottlenecks, monitoring risks and identification of corresponding mitigation measures
- c. Close coordination with other donors and development partners to avoid duplication and leverage resources and technical support
- d. Provision of technical advice and implementation support towards the achievement of the PDO indicators, intermediate results indicators, and the overall PDO. In this regard, additional resources have been mobilized from the Early Learning Partnership (ELP) Trust Fund and the Trust Fund for Statistical Capacity Building (TFSCB) to provide targeted technical advice and assistance in support of the achievement of project objectives.

4. The World Bank's semi-annual implementation support missions will cover technical and non-technical aspects of the project, including project results, financial management, procurement, implementation arrangements and safeguards. The implementation support plan will be reviewed once a year and adapted to ensure that it meets the implementation support needs. Joint reviews will be held with the Government and the National ECD Committee to assess project progress to coincide with the period of presentation of the project's annual work plans. The reviews will aim at providing implementation support of project activities and to engage discussions on strategic issues that will contribute to the development of the sector. Financial and procurement reviews will be part of the review process. Main issues, agreements, and action plans emerging from the meetings will be recorded in minutes and/or *aide-memoires*, which will be used for discussion and monitoring in subsequent meetings.

Table A1.1 Implementation Support Plan

Time	Focus
First 6 months	Project start-up and launch
	Support MOH in launch of key project tenders and recruitment of firm(s) for the development of (i) the digital script and toolkit for the parenting intervention; and (ii) the national ECD website and mobile app
	Support MOH in coordinating with key partners (particularly with UNICEF and WHO) to validate the list of medical equipment that will be procured in year 1
	Support MOE in launch of key project tenders and recruitment of firm(s) for (i) the market analysis of private KG2 providers; (ii) the development of the KG Teacher Professional Diploma; (iii) the design of the KG teacher toolkit; and (iv) the development of a data digitization strategy
	Capacity building in execution of safeguards plans
	Support MOH in coordinating with MOSD to organize joint training of nursery/PHC staff and social workers on administering the parenting intervention.
6-12 months	Support MOE to launch remaining key project tenders and recruitment of firm(s) for (i) the design of the PPP pilot, and (ii) the strengthening of the KG quality assurance system
	Provide implementation support to MOE and MOSD on the digitization of key ECD data;
	Capacity building on the use of ECD data for sectoral and multisectoral planning.
	Capacity building in execution of safeguards plans.
	Implementation support and field visits.
12–60 months	Continued implementation support and field visits to monitor progress and proactively address implementation challenges;
	Facilitate collaboration with international research institutes to evaluate the impact and cost-effectiveness of the parenting intervention (subcomponent 1.2) and the KG teacher professional diploma (subcomponent 2.2)
	Support execution of safeguards plans and monitor compliance with safeguards provisions

Resource Requirements

Table A1.2 lists the skills mix of staff required for the initial implementation period.

Table A1.2 Skills Mix Required

Skills Needed	Staff Weeks (SWs)	Number of Trips	Comments
Task Team Leader(s)	30 SWs annually	3 trips first year, then 2 trips annually	
ECD Analyst	20 SWs annually	3 trips first year, then 2 trips annually	
Health and Nutrition Specialist	15 SWs annually	3 trips first year, then 2 trips annually	
Senior Economist / Economist	15 SWs annually	3 trips first year, then 2 trips annually	
Information and Management Systems Specialist	15 SWs annually	3 trips first year, then 2 trips annually	
Senior Operations Officer	10 SWs annually	2 trips annually	
Operational Support	4 SWs annually	Field visits as required	Country office based
Social Safeguards Specialist	3 SWs annually	1 trip annually	
Environmental Specialist	3 SWs annually	1 trip annually	
Financial Analyst	3 SWs annually	1 trip annually	
Procurement Specialist	6 SWs first year, then 2 SWs annually in the following years	Field visits as required	Country office based
Financial Management Specialist	4 SWs annually	Field visits as required	Country office based

Financial Management

Implementing entity

- Fiduciary activities, including procurement and financial management will be handled by the project teams at the MOE and the MOH. They will manage the day-to-day financial management aspects of the project. The MOE will report to the WB after consolidating inputs from the MOH. Both entities will ensure that financial management under the project is carried out in accordance with WB procedures to ensure that the funds are used for the intended purpose.

Risk Analysis

6. **Inherent Risks.** The fiduciary risk level in the PA country system is currently rated as High. This is due mainly to the deterioration in the financial reporting of the PA and delays in the issuance of the public sector financial statements.
7. **Project Risks.** The overall project risk from a financial management perspective is Substantial. The FM arrangements for the Project are designed to ensure that funds are used for the purpose intended, and timely information is produced for project management and to comply with the Bank’s fiduciary requirements. Below are the main risks and mitigating measures for both implementing entities as the financial management arrangements and the country systems are the same for both:

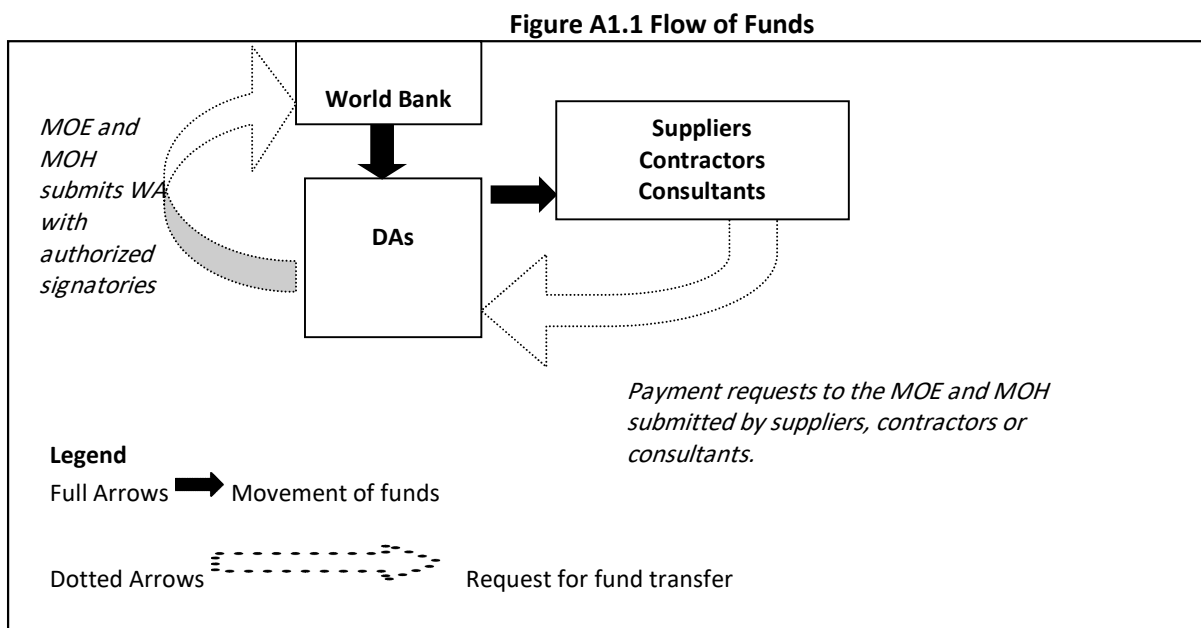
Table A1.3 Financial Management Risk Assessment and Mitigating Measures

Risk	Risk Before MM	Mitigating Measures (MM)	Risk After MM
Inherent Risks:			
Country level			
Inherent risk in the country is High	H	<ul style="list-style-type: none"> ▪ The Project will be ring fenced through the institutional set up. There will be capacity building for the teams at MOE and MOH (as necessary) which will reduce the country risks. ▪ A private external auditor will be hired to perform the annual audit of the Project financial statements as well as a technical audit. ▪ The country risks are being addressed by a PFM project which has shown progress in dealing with the delays in the government reporting. 	S
Project level			
There is a risk that the objectives will not be met which will create ineligible expenditures and a risk of misappropriation	S	<ul style="list-style-type: none"> ▪ Bank supervision of SOE reviews. ▪ Ex post audit measures (annual audit) by external auditor. 	M
Inherent Risk Before MM	S	Inherent Risk after MM	S
Control Risks:			
Project Level			

Risk	Risk Before MM	Mitigating Measures (MM)	Risk After MM
The implementation of project activities will require coordination between the two entities and will need high capacity.	S	<ul style="list-style-type: none"> ▪ Both financial management units have significant experience with Bank guidelines from previous projects and the experience with them was satisfactory. ▪ The teams have the required capacity to ensure that the fiduciary requirements are met. ▪ The teams know each other and have expressed a willingness to collaborate on the project. 	M
There is added risk that funds will be misappropriated in the construction activities.	S	<ul style="list-style-type: none"> ▪ The PMUs will have their own monitoring of activities and will have site visits to ensure that work is being completed as contracted. ▪ There will be a technical audit required during the construction under subcomponent 2.1 which will reconcile between works on the ground and what is being billed to the project. 	M
Implementing Agency			
A budget and workplan will have to be developed to meet the Project's FM requirements.	S	<ul style="list-style-type: none"> ▪ The MOE will be the main counterpart for FM. ▪ Both entities have adequate accounting and reporting systems that can capture data for all project activities. The chart of accounts will be revisited to ensure applicability to the current project. ▪ The accounting system is capable of opening a separate cost center to account for and report for the transactions of the Project. ▪ The teams will sit together before project effectiveness to discuss the arrangements and decide on the best modality for consolidation of information. 	M
Control Risk Before MM	S	Control Risk After MM	M
Overall FM Risk	S	FM Risk After MM	S

Financial Management System

8. **Flow of funds and banking arrangements.** WB financing will be a Grant to be disbursed through two DAs opened by the MOFP at Bank of Palestine and operated by the MOE and the MOH. The MOFP will open the DAs denominated in US dollars into which replenishments from WB resources will be transferred and will be used in financing project components according to the approved budget.
9. Withdrawal Applications submitted to the WB will be prepared by each agency, signed by the authorized signatures at the MOFP before submission to the WB.
10. The two agencies will vest the sole responsibility to disburse on behalf of the project to suppliers, contractors and consultants. These will be made from the DA account except where direct payments are allowed. All payments from the DA account are made through wire transfers to bank accounts. Vendor and contractors can also be paid by a direct payment from the World Bank. Additionally, the agencies will maintain a monthly reconciliation statement between their records and the Bank’s records per client connection. Such reconciliation will set out the disbursements by category as well as the designated account balance. Disbursement and payment requests will be based on approved contracts and services predefined in the Project documents.
11. DA bank account records will be reconciled with bank statements on a monthly basis by the two agencies. A copy of each bank reconciliation statement together with a copy of the relevant bank statement will be reviewed monthly by the Project Financial Officers at the MOE and MOH who will investigate and resolve any identified differences.
12. The following chart describes the funds flow for the project:



13. **Information Systems.** Both MOE and MOH have a computerized financial management system which is the government Bisan system. In addition, MOE has a computerized financial management system called “Audit” which is used to generate reports as Bisan has limitations. They record each transaction in both systems. Each staff has

restricted access to the systems according to his or her authority. Previous assessment indicated the systems produced the necessary project financial reports, the staff are adequately trained to maintain the systems, and the management organization and processing system safeguard the confidentiality, integrity, and availability of the data. There will be a new cost center opened in Bisan for the project, to record all transactions as required by the government system of accounting. MOH will export data from Bisan to Excel to consolidate financial reporting with MOE and prepare reports as required.

14. **Staffing.** Project activities including financial management will be handled by the existing units at MOE and MOH. The entities will keep all accounting records and ensure all transactions are recorded in the MOE "Audit" Software and in the government accounting system (Bisan). Currently the MOE-PCU and MOH-PMU FM staff are sufficient for project activities. This will be assessed throughout the project life and additional part-time staff may be recruited if required. The POM will clarify how the MOE-PCU and MOH-PMU's time is split between the current projects and the new project and how the salaries will be financed from each project.
15. **Financial Reporting and Monitoring.** MOE and MOH will have responsibility for financial management of the Project. Both ministries will prepare activity budgets (Disbursement Plan). The MOE will be responsible for: (i) consolidating the grant financial data; (ii) consolidating the activity budgets (Disbursement Plan); and (iii) consolidating semi-annual IFRs and annual financial statements. The MOH and the MOE will prepare monthly DA reconciliation statements for their respective accounts, and periodic statements of expenditures (SOEs), and withdrawal schedule, as well as ensuring that project FM arrangements are acceptable to the PA and the WB.
16. The MOE and MOH will produce periodic financial reports. MOE will consolidate these to produce financial reports as outlined below and submit these to the WB for the purpose of monitoring project implementation.

Semi-annual unaudited IFRs (submitted within 45 days after period end):

- (a) *Financial Reports* include a statement showing for the period and cumulatively (project life or year to date) inflows by sources and outflows by main expenditure classifications; opening and closing cash balances of the project; and supporting schedules comparing actual and planned expenditures with detailed deviation analysis between actual and budgeted figures;
- (b) *Contract listing*, reflecting all signed contracts under the grant with the value of each and amount disbursed under each contract as at the report date;
- (c) *DA statement and reconciliation* showing deposits and replenishments received, payments supported by WAs, interest earned on the account and the balance at the end of the reporting period.

Annual Project Financial Statements (submitted within 6 months after year-end):

- (a) A Statement of Sources and Uses of Funds (by grant category/activity showing Bank and counterpart funds separately);
- (b) A Statement of Cash Position for project funds from all sources;
- (c) Statements reconciling the balances on the various bank accounts (including DA) to the bank balances shown on the Statement of Sources and Uses of Funds;
- (d) Notes to the Financial Statements for significant accounting policies and all other relevant information.

17. **Accounting Policies and Procedures.** Project accounts will be maintained on a cash basis of accounting augmented with appropriate records and procedures to track commitments and to safeguard assets. Accounting records will be maintained in USD.
18. **External Audits.** The Grant Agreement will require the submission of annual audited project financial statements within six months after year-end. The project's financial statements will be annually audited by a qualified independent auditor acceptable to the Bank using relevant technical specialists as needed, in accordance with internationally accepted auditing standards, and terms of reference acceptable to the Bank.
19. The auditors will be expected to express an opinion on the audited project financial statements, on the eligible use of the Bank's contribution to the project, the accuracy and propriety of expenditures and the extent to which these can be relied upon as a basis for loan disbursements, and the DA transactions, balances, and compliance with Bank procedures.
20. In addition to the audit report, the external auditors will be expected conduct a technical audit and to prepare a Management Letter giving observations and comments, and providing recommendations for improvements in accounting records, systems, controls and compliance with financial covenants in the Bank Grant Agreement. The technical audit will be required when work on Subcomponent 2.1 has started and the technical auditors will be required to verify progress on the ground and reconcile the figures for the works.
21. **Supervision.** World Bank Financial Management supervision activities will include, but not limited to, review of SOEs, review of IFRs, review of annual audited financial statements and management letters as well as timely follow up on issues raised by the auditor. There will be field supervisions on a periodic basis during the Project life. Bank supervision missions will consist of visits to both MOE and MOH, and other stakeholders as necessary. Relevant documentation will be readily made available to Bank supervision missions.

Disbursements

22. Disbursements from the WB will follow the transaction-based method, i.e., traditional Bank procedures: SOEs, Direct Payments, and Special Commitments. For certain payments, above the "Minimum Application Size" as specified in the Disbursement Letter, Withdrawal Applications (WAs) will be submitted to the Bank for payments to suppliers and consultants directly.
23. The initial deposit into the DA will be based on a four-month forecast prepared by the MOE/MOH and submitted with the WA. Subsequent disbursements into the DA will be requested through WAs, reconciled bank statements and copies of all bank statements. The supporting documentation for requests for direct payment should be records evidencing eligible expenditures (copies of receipt, supplier's invoices). The initial advance was received by the project.
24. **Designated Accounts.** The DAs will be held in US dollars. The ceiling of the DA for MOH will be US\$ 0.5 million and the ceiling of the DA for MOE will be US\$ 0.7 million.
25. **Planning and Budgeting.** A disbursement plan will be prepared as well as a financial budget for the life of the project (broken down by year and by quarter). The entities will prepare the budget for the coming year which will include the figures for the year, analyzed by quarter. The budget for each quarter will reflect the detailed specifications for project activities, schedules (including the procurement plan), and expenditures on monthly and quarterly project

activities. The annual budget will be sent to the Task Team Leader at least two months before the beginning of the project fiscal year for review.

Procurement

26. Procurement for the project will be carried out in accordance with the “World Bank Procurement Regulations for Borrowers under Investment Project Financing” dated July 2016, revised November 2017 and again in August 2018. “The Guidelines on Preventing and Combatting Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011 and as of July 1, 2016, shall apply to the Project.
27. MOH will be responsible for procurement under Components 1 while MOE will be responsible for procurement under Components 2 and 3. The project will finance goods, small civil works, ICT, and consultants’ services. Both MOE and MOH have existing project coordination units with adequate capacity and experience in the Bank’s Procurement Regulations though certain delays have been experienced in the previous projects due to the bureaucratic decision-making process. An updated procurement risk and capacity assessment of MOH and MOE has been carried out by the Bank and various risks and mitigation measures identified as under:

Table A1.4 Procurement Risk Assessment and Mitigating Measures

Risk Description	Mitigating Measures	Risk Owner
Lack of proper coordination and interaction of various stakeholders may cause procurement and project implementation delays.	- The detailed responsibilities of the various entities shall be defined in POM, and an adequate and realistic sequencing and prioritization of actions shall be adopted.	MOH, MOE
	- Establishing a project steering committee within MOE (comprised of relevant DGs and the PCU) to facilitate proper coordination among the different departments.	MOE
Lack of prior experience in procurement of civil works by PMU in MOE.	- PMU will draw the expertise from the Engineering unit in preparation of designs, specifications and detailed BOQ.	MOE
Delays in procurement due to lack of technical capacity to develop of TORs/specifications such as procurement of specialized software	<ul style="list-style-type: none"> - MOH and MOE to hire experts for developing specifications for specialized software - additional technical support by - The Bank’s technical experts will provide necessary support and capacity building activities on regular basis - Early start of preparation of shortlist, ToRs and Bid specifications. - All TORs will be reviewed and cleared by the World Bank - Regular monitoring of procurement plan and process tracking through STEP. 	MOH, MOE, World Bank

Risk Description	Mitigating Measures	Risk Owner
Delays in contract implementation.	<ul style="list-style-type: none"> - Proper supervision and monitoring of implementation. - Ensure reasonable timeline is prepared for delivering the different outputs and deliverables. - Proper supervision from the World Bank through the post procurement reviews to be conducted on annual basis, and the supervision missions to be conducted on semi-annual basis. 	MOH, MOE, World Bank
Difficulty of identifying qualified national consultants with specific expertise in the targeted fields.	<ul style="list-style-type: none"> - Expanding the competition to include international specialized firms. 	MOH, MOE
The blockade imposed on the Gaza Strip that may delay the implementation of the project in Gaza.	<ul style="list-style-type: none"> - Collaborating with donors and international agencies to facilitate the entry of materials/Consultants to the Gaza Strip. - Consult with the line departments in Gaza for early detection of challenges. - Ensure having reasonable timeline for conducting and completion of activities (construction works, supplies) 	MOH, MOE
Risk of variations Orders during the implementation of small works contracts	<ul style="list-style-type: none"> - Visit the site of the project before preparing the specifications, designs and the drawings. - The preparation of realistic and accurate BOQ. - The assistance of the Line Construction Department at the MOE and district offices. 	MOE (D.G. Construction, Construction units at the MOE district offices)

28. The overall procurement risk for the project is considered **Moderate**.
29. MOE and MOH (with support from the WB) have prepared a PPSD, which identified the appropriate selection methods for the envisaged procurement packages, market approach, and the type of review required by the World Bank.
30. Based on the previous experiences and the market analysis carried out in PPSD, the local market, mainly for civil works, goods and IT, ensures sufficient competition and has enough qualified and experienced bidders and consultants. The international market will be approached for a few specialized consultants' services due to the lack of such services in the local market and in order to ensure a wide competition amongst potential consultants.
31. The PPSD concluded the need for MOE to contract five local universities in West Bank & Gaza, on a single source basis, to implement the ECD professional training program that will be developed collaboratively between these local universities and the international firm/university. These local universities will be directly selected since they all offer bachelor's degree programs in early childhood and are scattered throughout the West Bank and Gaza to ensure geographic distribution of the services to be provided.
32. The PPSD concluded with a Procurement Plan for the first 18 months of the project. The procurements under the project will include the procurement of goods, small civil works, and consultants' services. The largest value of procurement initially identified is US\$0.46 million. During implementation, the Procurement Plan will be updated,

with the World Bank’s prior approval, at least annually and as required to reflect actual project implementation needs. MOE and MOH will use the WB’s Systematic Tracking of Exchanges in Procurement (STEP) system, to prepare, clear, and update their Procurement Plans and to document procurement transactions. The thresholds for various procurement methods and market approaches that would apply to the project are outlined below:

Thresholds for Procurement Approaches and Methods (US\$ thousands)

Type of Procurement/ Approach	Threshold
Works	
Open International	No thresholds
Open National	5,000
Request for Quotations National	200
Goods & Information Technology	
Open International	No thresholds
Open National	500
Request for Quotations National	100
Consultant Services	
shortlists comprising National consultants	300

33. Most of the contracts under the project will be subject to the Bank’s post review, however all TORs will be reviewed by the Bank’s technical experts. The WB Prior Review thresholds for Moderate risk rated projects are outlined in the table below.

Procurement Prior Review Thresholds (US\$ thousands)

Type of Procurement	Prior Review Threshold
Goods, information technology and non-consulting services	4,000
Consultants: firms	2,000
Consultant: Individual	400

ANNEX 2: Detailed Technical Description of Project Components

Component 1: Promoting early healthy development (US\$ 3 million).

1. This component aims to improve the holistic development of children from gestation until age 3 by strengthening pre- and postnatal care, and improving nutrition and early stimulation during the critical first 1,000 days of life.

Subcomponent 1.1 Investments to improve quality of pre- and postnatal care (US\$0.7 million)

2. The objective of this subcomponent is to improve the quality of pre- and postnatal care by strengthening the early detection of risks to children's physical and cognitive development. To this end, the subcomponent will finance the procurement of specialized equipment for neonatal hearing and visual assessments, and the replacement of other necessary items such as old and/or inadequate ultrasound machines. The provisional list of medical equipment will be finalized based on a needs assessment and planned investments, in close coordination with development partners and donors including WHO and UNICEF by January 2020. If special training of medical staff is required for optimizing use of the procured medical equipment, the HSRS Project financed by the Bank may consider financing this activity as part of its objective to contribute to reduce the growth of expenditures in OMRs. There are several local suppliers who can procure medical equipment for MOH facilities in both the West Bank and Gaza. Service contracts will include warranty for maintenance and replacement for certain time period. After the warranty period, the MOH bears responsibility for maintenance.

Subcomponent 1.2 Strengthening nutrition and early stimulation during the critical first 1,000 days of life (US\$2.3 million)

3. The objective of this subcomponent is to promote healthy nutrition and early stimulation during the critical first 1,000 days of life by enhancing caregiver's parenting skills. To this end, the subcomponent will finance two activities: (i) development and piloting of a parenting intervention for families in selected localities; and (ii) the development of a public national ECD website and mobile application for all families in WB&G.

4. The parenting intervention will consist of interactive information sessions for pregnant women and caregivers of children aged 0-36 months on (i) exclusive breastfeeding, (ii) child feeding practices, (iii) early stimulation, and (iv) stress-coping mechanisms adapted to the local FCV context. The intervention will have a strong emphasis on practical knowledge to help integrate these practices into families' daily routines, by demonstrating and practicing good parenting behavior with caregivers and their children. In addition, the intervention will be designed to promote equitable engagement by both parents in child-rearing, specifically encouraging fathers to be more engaged. Leveraging a variety of strategic entry points to reach this target group, the intervention will be delivered through existing service delivery networks – i.e. through nurseries, MOH PHCs and home visits.²⁸ In facilities, the intervention will be delivered by nursery staff, nurses and physicians, while social workers will be responsible for delivering the intervention during routine home visits. Service providers will be equipped with tablets containing a digital script with detailed step-by-step guidance on how to conduct information sessions based on caregivers and children's needs. The tablets will also be used to show relevant pictures and audiovisual materials to caregivers. To complement the intervention and facilitate the transition to best practice routines, caregivers will be given a toolkit with a selection of toys, picture books, and other relevant material along with detailed guidance on how to use the materials for activities

²⁸ For example, the parenting intervention could be administered at times of: antenatal care visits (during 0-12, 16-18, 18-22, 28-32, 36 weeks of pregnancy); immunization of children (first day, 1, 2, 4, 6, 12, 18 months of age); growth monitoring (every month during the first year, every other month at age 2, and every 6 months at ages 3 – 5); nursery visits; and community outreach and home visits by nurses, community health workers and social workers.

that support children’s cognitive development. During the first year of project implementation, an international firm will be hired to develop the digital script and the toolkit for the parenting intervention, building on existing material used in WB&G. In the second year of the project, approximately XX tablets will be procured and programmed with the digital script. The subcomponent will also finance the training of approximately XX service providers on how to administer the intervention. From the end of year 2 until the closing of the project, the subcomponent will finance eligible implementation cost of the pilot. The implementation will be supervised by a technical steering committee with representatives from MOH and MOSD. The project will closely coordinate with UNRWA in Gaza to share experiences and relevant materials on the parenting intervention.²⁹ Upon completion of the pilot, the project will assess the cost-effectiveness of the intervention, comparing its different service delivery modalities.

5. The parenting intervention will be piloted in selected localities, based on following criteria:

Regional representation: To allow for the generalizability of pilot findings³⁰, and inform a potential national scale-up, pilot localities will be from the North, Central and South regions of WB&G;

Service delivery capacity and network: Pilot localities will be required to have an adequate network of service providers with sufficient time and personnel to implement the parenting intervention; and

Available support from other development partners: To avoid duplication of work and maximize synergies, localities where other development partners are already implementing parenting interventions will be excluded from the pilot.

6. In total, 10 localities from Tubas, Ramallah and Hebron governorates (West Bank) and North Gaza, Deir El Balah and Rafah governorates (Gaza) will be included in the pilot.

7. The national ECD website will be a public resource for caregivers containing rich and practical information on children’s nutrition and early stimulation needs during the first 1,000 days of life.³¹ The website will have an easy-to-navigate design and be structured around children’s age brackets and developmental milestones. As such, it will combine information from different sectors in a coherent and child-centered way, so caregivers do not have to refer to various sectoral websites on education or health. In addition to informational text, the website will also make use of the multimedia content developed for the parenting intervention under this sub-component and include relevant infographics, audio files and short videos. The use of online resources ensures easy access to timely information for caregivers and will allow the relevant ministries to regularly update information based on citizens’ feedback and suggestions. A smartphone application based on the website will also be developed to optimize easy access from mobile devices. The application will also be used for notifications and text messages that will serve as nudges to promote best parental practices. Once the website is developed and goes online, all sectoral ministries will promote the website through information sessions, public events and press releases. During the first year of implementation, the subcomponent will finance an international or local firm to develop the website content. In the second year of implementation, a local firm will be hired to design and program the website. The website will be programmed such that technical staff can easily add new content and eventually extend the website’s scope to include information about children aged 4-5 years if there is demand in the near future. A technical team with members from MOH, MOSD and MOE will be appointed by the National ECD Committee to maintain the website and update it as needed. The technical team will periodically review the use of the website (for example, frequency of access to certain contents,

²⁹ The project will not enter into contractual agreements with or channel any project funds to UNRWA.

³⁰ The project will collect real-time, detailed information on the implementation cost of the parenting intervention to compare the cost-effectiveness of the different delivery channels. Complementary financing has been obtained to hold a workshop with the line ministries to develop a customized template to monitor costs in a consistent and reliable manner. If additional external financing can be mobilized, the parenting intervention will be subject to a rigorous impact evaluation.

³¹ Internet access in WB&G is high, with 64 percent of the population using the internet (on par with the MENA average), and 85 percent of households owning a smartphone (World Development Indicators 2019 and PCBS 2019). In West Bank, 3G mobile internet is available, while Gaza is still limited to 2G.

variations by days/months) through an embedded monitoring function in the website. The data will be used to further strengthen the content and delivery format as needed.

Component 2: Improving access to high-quality KG services (US\$4.35 million).

8. This component aims to expand access to KG2 and improve the quality of KG services, through the following two subcomponents.

Subcomponent 2.1 Expanding access to KG2 (US\$1.95 million)

9. The objective of this subcomponent is to increase access to KG2. To this end, the subcomponent will finance the expansion of public and private provision through (a) the refurbishment and extensions of public KG2 classrooms (US\$1.95 million), and (b) the design and piloting of a public-private partnership (PPP) model (US\$900,000). The focus on KG2 is in line with the PA's priority to universalize access to KG2 and reach children from a disadvantaged background.

10. Refurbishment and/or extension of KG2 classrooms will be financed in public schools that meet the following criteria: (a) that the public school has available land to construct a KG2 classroom, or has an existing classroom or space that can be refurbished into a KG2 classroom; (b) that the poverty head count rate of the school's locality is statistically significantly higher than the West Bank average; (c) that there is high demand for KG2 services in the school's locality based on latest population and KG2 enrollment data; and (d) that the number of public and private KG2 classrooms in the school's locality is insufficient to meet local demand for KG2 services.

11. Classroom refurbishments consist of repurposing existing classrooms or other available spaces in public primary schools, furnish them, and turn them into KG2 classrooms. Classroom extensions consist of constructing a KG2 classroom in public primary schools with available land and furnish them. Where needed, this subcomponent will also finance necessary KG amenities such as child-sized bathrooms, a kitchen, and child-sized playgrounds.

12. This subcomponent will also finance the design and piloting of a PPP model to leverage existing KG2 private providers to expand their capacity. Specifically, the following activities will be financed:

- i. **Market analysis:** In Year 1 of the project, a firm will be hired to conduct a market analysis of private KG2 providers to underpin the design of the PPP model. A mapping exercise conducted jointly by MOE-WB during project preparation estimates the presence of 1,116 registered private KG providers, and 165 unregistered ones operating in West Bank (see Figure 2). The market analysis will build on this mapping exercise, to identify a subset of providers that are most suitable for MOE to partner with under the PPP pilot, based on demand- and supply-side considerations, including but not limited to:
 - **Supply-side considerations:** Providers should meet minimum quality standards, fall under a reasonable price range, and have the capacity and willingness to expand their KG2 enrollment in the short run.
 - **Demand-side considerations:** Providers should be located in (or willing to expand to) localities with high unmet KG2 demand and high poverty rates.
- ii. **Technical design of PPP pilot:** In the latter part of Year 1, the same or a different firm will be hired to develop the design of a PPP pilot that allows MOE to strategically purchase quality KG2 provision from selected private providers. Informed by the findings from the market analysis, and a review of the relevant legal framework, the technical design should specify:
 - **A feasible contractual arrangement:** Tailored contracting arrangements with the selected private providers that are legally and financially feasible (e.g., transfers are made by MOE to the selected

- private providers proportional to the number of additional children they enroll at the beginning of the academic year, installments are made in tranches after verifying quality criteria are met, etc.).
- Monitoring framework: Feasible provisions for the monitoring of contracts, based on MOE’s KG quality assurance system (e.g., providers receive biannual inspections from MOE KG supervisors to verify enrollment numbers and ensure they meet minimum quality standards; collection of feedback from parents on KG services).
- iii. Roll-out of the PPP pilot: In Years 2-5 of the project, the subcomponent will finance any monetary transfers from MOE to selected private providers that have been identified under the technical design of the PPP pilot, for a maximum of US\$700,000. Administrative and monitoring costs for running the pilot will also be financed. Transfers to private KG providers will be made proportional to the number of additional children they enroll at the beginning of the academic year. Providers will be subject to inspections by a government agency to verify enrollment and compliance with quality standards. The amount transferred to each provider will be published in the local newspaper to ensure downward accountability to the community. Private providers may be required to keep simple accounts and get the financial statements at the end of the year certified by the district supervisors.
- iv. Costing of the pilot: An assessment of the cost-effectiveness of the pilot will be conducted, including considerations for a potential scale-up.

13. In an environment where the government has made KG2 mandatory by law, in spite of constrained resources, this subcomponent provides two important contributions. First, by increasing public and PPP provision, the project will enable 720 children to enroll in KG2 (starting from Year 3 of the project), for a total of 2,160 additional children enrolled over the course of the project. This impact will be significant for benefited children and families-many of whom come from a high-poverty background, albeit small in magnitude at the national scale. With approximately 33,000 5-year-old children out of KG2, neither the government nor donors have identified a financially feasible model to bring them into school to comply with the new law. The second contribution of this subcomponent is its investment in the design, costing and evaluation of a PPP pilot that could provide a financially feasible model to guide the government and donor’s investments towards universalization of KG2.

Subcomponent 2.2 Enhancing the quality of KG services (US\$2.4 million)

14. The objective of this subcomponent is to enhance children’s learning experience by improving teaching practices in Palestinian KG classrooms. To this end, the subcomponent will finance three activities:

- (a) Development and roll-out of an in-service KG teacher professional diploma (US\$1.5 million)
- (b) Development, production and distribution of a KG teacher toolkit (US\$0.6 million)
- (c) Development of a KG quality assurance system (US\$0.3 million)

15. The KG teacher professional diploma will be a comprehensive, one-year in-service professional development program targeting private KG teachers who lack formal training in early childhood education (ECE). It will include modules on child-centered pedagogy, early literacy and numeracy, learning through play, socio-emotional skills, psychosocial support, and methods to cope with stress in an environment affected by fragility, conflict and violence. The diploma will be delivered through recurring, center-based workshops accompanied by individual coaching and follow-up sessions. Expert trainers will be recruited from four local universities in West Bank (An-Najah University, Al-Quds University, Bethlehem University, and Hebron University)³² and one local university in Gaza (Al-Azhar University). In addition, MOE will partner with Al-Quds Open University to leverage its technological infrastructure and extensive network of study centers across the WB&G to facilitate implementation. KG supervisors from MOE and staff from the

³² These universities were selected as they are the only higher education institutions in West Bank that offer pre-service training in ECE.

National Institute of Education Training (NIET) will be trained to become coaches and facilitators for the diploma. The diploma sessions will be held in MOE's existing training facilities and university centers, covering the North, Center and South region of West Bank. In Gaza, the diploma sessions will be delivered in the facilities of Al-Azhar University. Implementation will take place in two phases. During the first year of the project, the curriculum and training materials for the KG teacher professional diploma will be developed.³³ To this end, the subcomponent will fund the hiring of an international university and the aforementioned local universities to jointly develop the KG teacher professional diploma in a participatory process with MOE, NIET, KG teachers and other relevant stakeholders. In the second phase, the subcomponent will fund eligible cost for rolling out the KG teacher professional diploma, including trainer fees and logistics. The roll-out will follow a gradual phase-in approach.³⁴ Over the life cycle of the project, this subcomponent aims to reach about 900 KG teachers in West Bank (about one quarter of the total number of KG teachers) and 100 KG teachers in Gaza.

16. The KG teacher toolkit will provide hands-on support for KG teachers to implement targeted learning activities in the classroom that are well aligned with the Palestinian KG curriculum. The toolkit will include materials such as toys, story books, geometric shapes and other equipment, accompanied by a detailed script with specific guidance on their usage for age-appropriate and play-based activities. The toolkit will be distributed as part of the KG teacher professional diploma and through regular monitoring visits by MOE's KG supervisors. In the first year of the project, the subcomponent will fund an international and/or local firm to develop the KG teacher toolkit and provide training to KG supervisors on how to effectively demonstrate its use. The subcomponent will then fund the production of approximately 2,000 toolkits, which will be distributed to all public KG teachers, 40 percent of private KG teachers with no formal training in ECE and 200 KG teachers in Gaza, in a way such that all teachers targeted under the KG Teacher Professional Diploma also receive the toolkit.

17. To further support the continuous improvement of KG instruction, this subcomponent will fund the piloting of a quality assurance (QA) system. A robust QA system for KG requires four key elements: (a) clearly defined quality standards, (b) valid and reliable tools to measure KGs against set standards, (c) regular monitoring visits to KGs to administer these tools, and (d) tailored actions and mechanisms triggered by monitoring results to continuously improve quality. As such, the project will finance the following activities:

- i. **Strengthening KG quality standards:** Informed by a review of existing standards and international examples, this activity will strengthen KG quality standards in WB&G, ensuring they adequately balance the structural, process and learning dimensions, and are structured along a quality continuum. This task is expected to be completed in early 2020.
- ii. **Adapting a monitoring tool:** Based on international examples, a monitoring tool will be adapted to measure KGs performance (with a specific focus on KG teaching practices) against the quality standards. The tool will balance the need for obtaining valid and reliable data, with that of being easy (and rapid) to administer by KG supervisors during their school visits. This task is expected to be completed in the later part of 2020.
- iii. **Aligning KG monitoring visits with quality:** To enable monitoring visits conducted by KG supervisors to be aligned with the new quality standards, the monitoring tool will be programmed on tablets, and tablets will be procured for each of the 37 KG supervisors. This task is expected to be completed in early 2021.
- iv. **Developing tailored mechanisms and resources for continuous quality improvement:** In support of the fourth element of the QA system, a KG supervisor dashboard will be designed and programmed into the

³³ This will also include the development of the content and material for refresher trainings. The refresher trainings will be short versions of the KG teacher professional diploma modules to be used for continuous professional development.

³⁴ The impact of the KG teacher professional diploma on teaching practices and children's development outcomes will potentially be subject to a rigorous evaluation in a randomized controlled trial (RCT). The evaluation will use separate financing and would not be funded under this project.

tablets. The dashboard will provide a summary of strengths and weaknesses for each visited/observed KG teacher, along with a tailored coaching script and a customized suggestion for the timing and frequency of follow-up visits to each teacher by the KG supervisor. In addition, leveraging the same implementation arrangements, IT platform, and developed content for the KG Teacher Professional Diploma, short, digital “booster training modules” will be designed to provide continuous development opportunities for KG teachers. Equipped with the dynamic data in their dashboard, KG supervisors will be able to assign teachers to specific digital booster modules based on their specific needs. Finally, training for KG supervisors will be provided on the administration of the monitoring tool on tablets, and the use of tailored mechanisms and resources during their KG visits. This activity is expected to be completed in the later part of 2020.

Component 3: Improving availability of ECD data (US\$0.6 million)

18. The objective of this component is to improve the availability of relevant ECD data to strengthen sectoral and multisectoral planning of ECD services in WB&G. To this end, the following activities will be financed:

- i. **Collection, digitization and sharing of KG and nursery data:** With the Health Information System being the most advanced of the three sectors in collecting and digitizing ECD data, this activity will focus on strengthening MOE and MOSD’s information systems to better track education and social development indicators, respectively. Specifically, the activity will finance consulting services and the procurement of specific IT equipment to support the collection of any identified missing variables, the personal identification of all data through the Palestinian National ID number, the digitization and central compilation of relevant KG data at MOE, and nursery data at MOSD, and making key data publicly available.
- ii. **Development of a strategy for the use of multisectoral ECD data:** This activity will focus on developing a strategy for tracking the development of children in a multisectoral way, which the government can operationalize once sectoral ECD data has been digitized and personally identified. This strategy will be informed by an institutional capacity review of human resources, hardware and software at MOH, MOSD, MOE and the National ECD Committee, and will lay out a proposed architecture, governance arrangement, and code of practice for a multisectoral information and management system for ECD in WB&G.
- iii. **Capacity building on the use of ECD data for sectoral and multisectoral planning:** The capacity building will support the effective implementation of this activity through a series of workshops for relevant MOE and MOSD staff on proper KG and nursery data entry, submission, compilation, analysis and dissemination. It will also include workshops for key officials from MOH, MOE, MOSD and the National ECD Committee on the use of ECD data for evidence-based policymaking.

Component 4: Project management and implementation support (US\$ 1.05 million)

19. The project will be co-managed by the MOE Project Coordination Unit (MOE-PCU) and the MOH Project Management Unit (MOH-PMU), in close collaboration with MOSD and the National ECD Committee (see Table A2.1).

Subcomponent 4.1 Project management and implementation support for MOH (US\$ 0.35 million)

20. This subcomponent will support the MOH-PMU in managing and overseeing project activities, including (i) staffing capacity and expertise to lend technical and implementation support; (ii) data collection, aggregation and periodic reporting on the project’s implementation progress; (iii) monitoring of key performance indicators under component 1; and (iv) collaborating with MOE-PCU on joint reporting of project progress and financial reports.

Subcomponent 4.2 Project management and implementation support for MOE (US\$ 0.7 million)

21. This subcomponent will support the MOE-PCU in managing and overseeing project activities, including (i) staffing capacity and expertise to lend technical and implementation support; (ii) data collection, aggregation and

periodic reporting on the project’s implementation progress; (iii) monitoring of the project’s key performance indicators; and (iv) overall project operating budget and audit costs. In addition, this subcomponent will finance any cost incurred to monitor and ensure compliance with the environmental and social safeguards provisions that apply this project.

Table A2.1: Lead implementing agency by component

Component	Lead Implementing Agency
Component 1: Promoting early healthy development	MOH, in close collaboration with MOSD
Component 2: Improving access to high-quality KG services	MOE
Component 3: Improving availability of ECD data	MOE, in close collaboration with MOSD

ANNEX 3: Climate Co-Benefits

Summary:

1. **Climate screening and vulnerability context.** Based on the Climate Screening Assessment, the overall risk to the outcome/service delivery of the project is moderate. The main climate change risks WB&G is likely to confront are extreme temperatures and droughts. According to recent projections, mean annual temperature in WB&G may increase by 1.5 to 2.5°C by 2055 (ClimaSouth 2016). Rainfall is expected to decrease by up to 20 percent by 2055 (ibid.). Water scarcity will be further exacerbated by the increased intensity and frequency of droughts, which are expected to occur on average every 5 years in WB&G (World Bank ThinkHazard Tool 2019). While water demand is already outpacing supply in WB&G, the deficit is projected to substantially increase by 2050 (World Bank 2012). As such, climate change in WB&G is taking place in the context of existing water shortages and challenges with groundwater quality, coastal aquifer recharge, and energy shortages. Political instability and violent conflict have the potential to further exacerbate the adverse impacts of climate change. WB&G is aware of these challenges and has adopted a National Adaptation Plan to mitigate the effects of climate change (Palestinian Environment Quality Authority 2016).
2. **Intent to address climate hazards and linkage to project activities.** Climate change will adversely affect future economic growth, productivity, social stability, and security in WB&G, requiring a carefully planned response to strengthen local adaptation and resilience to climate change. The identified climate change risks and vulnerabilities have been reflected in the project design. Specifically, the potential impact of extreme temperature and drought is considered under the project's investments in building/refurbishing KG classrooms (subcomponent 2.1). As extreme heat can induce cracking and fissuring of physical infrastructure, adequate cooling and water systems will be installed to prevent damage and service disruption at KG facilities. New appliances and equipment will be required to be energy-efficient. Constructions will use climate-proof designs to alleviate heat and allow for cooling ventilation during heatwaves. Age-appropriate signage will be installed to conserve energy and water in KG facilities to raise awareness of the importance of conserving these scarce resources. In addition, the parenting intervention and the KG teacher professional development program will be designed with climate resilience in mind (subcomponents 1.2 and 2.2). For example, as part of a module on promoting a safe and healthy learning environment, parents and KG teachers may be trained to ensure children's well-being during periods of extreme temperatures and droughts. Finally, to support the collection and digitization of KG and nursery data by the relevant ministries, the project will finance the procurement of IT equipment and services, which may potentially include cloud computing (component 3). Since cloud computing would eliminate the need for on-site servers, the data collection and storage system would be less vulnerable to climate and natural disaster risks. If the feasibility study planned under this project determines that the data system will not use cloud computing, IT vendors will be required to prepare disaster recovery plans to mitigate potential climate and natural disaster risks, and conduct training on emergencies for the system operators. Taken together, these measures contribute to climate change adaptation by building resilience and reducing vulnerability to the impacts of climate change.

In-depth climate change assessment:

3. **With regard to climate change mitigation co-benefits, the following project components match the list of activities (MDB Climate Finance methodology) eligible for classification as climate change mitigation finance:**
 - (a) Construction of new KG2 classrooms, using climate-proof, energy efficient design – corresponds to the category #3 "Energy efficiency", sub-category 3.5. "Energy efficiency in new commercial, public and residential buildings"

- (b) Retrofitting of existing KG2 classrooms, using climate-proof, energy efficient design – corresponds to the category #3 “Energy efficiency”, sub-category 3.2. “Energy efficiency improvements in existing commercial, public and residential buildings”.
- (c) Digitalization of the nursery database matches the category #3 “Energy efficiency”, sub-category 3.3. “Energy efficiency improvements in the utility sector and public services.” and category #5 “Non-energy GHG reductions”, subcategory 5.3. “Retrofit of existing industrial, commercial and residential infrastructure to switch to cooling agent with lower potential for global warming.” And category #10 “Miscellaneous”, subcategory 10.1. “Other activities with net greenhouse gas reduction”.
- (d) Purchase of equipment for neonatal diagnostics – corresponds to the category #3 “Energy efficiency”, sub-category 3.2. “Energy efficiency improvements in existing commercial, public and residential buildings”.

4. To identify potential climate change **adaptation co-benefits** of the project, the project context and the useful life of the systems and structures to be created under the project are discussed. The analysis elaborates on risks presented to WB&G population by climate change, and state the intent for project activities to assist the population of WB&G to better adapt to climate change.

5. **Choice of appropriate period for analysis.** The project duration is 5 years. However, the “useful lives” of the structures and systems introduced by the project are much longer. To establish the useful life duration of the systems and structures introduced by this project, the following four-component approach is used:

- i. Non-residential real property is depreciated over a period of approximately 40 years.³⁵ Under this project, some KG2 classrooms will be constructed, while others will be refurbished and thus have a shorter lifetime. Therefore, it is assumed that “useful life” of this component of the project is approximately 30-40 years.
- ii. Life expectancy at birth for WB&G is 74 years.³⁶ Positive effect of the project’s ECD interventions on children aged 0-5, including labor market and social benefits, are anticipated to last over the lifetime of individual: on average, 74 years.
- iii. Life expectancy at birth for women in WB&G is 76 years. Educational outreach to women of childbearing age will equip them with useful parenting knowledge and skills, which they can apply both during their own parenthood, and share with their extended families and peers. Most mothers are between 20-35 years of age. Therefore, parenting improvements introduced by the project are anticipated to have a lifetime of approximately 40-55 years.
- iv. Digital databases of nursery and KG records may be used beyond the lifetime of an individual, as a basis for policy design and evaluation. The “useful life” of this system, introduced by the project, could reach 100 years.

In the following analysis, the conservative estimate of “**50 years**” as useful life of the structures and systems introduced by this project is assumed (i.e., until 2075). This timeline will be assessed for the climate change risks, and climate change co-benefits created by of the project.

6. **Country context.** The below section outlines the country context and changes that are likely to happen in WB&G over the next 30-50 years, regardless of the impact of climate change:

- i. As of 2019, the total population is approximately 4.9 million, with 2.9 million in West Bank and 2 million people living in Gaza. Approximately 66 percent of the population in Gaza and 56 percent in West Bank are below 25 years of age. The population of Gaza will more than double by 2050 (UNFPA 2017). The population in West Bank is projected to increase to 4.7 million by 2050.
- ii. Unemployment and poverty rates are very high in WB&G (see country context in main text of the PAD).

³⁵ This is based on 39 years depreciation for non-residential real property under the US MACRS GDS depreciation schedule, which is similar in other countries.

³⁶ 2017 estimate, average for both genders.

Critical infrastructures (water, energy/electricity supply, wastewater treatment, solid waste treatment) are either partially destroyed or/and do not function properly.

- iii. Water shortage, aquifer depletion, untreated waste, groundwater pollution, and the release of untreated wastewater into the sea are the most pressing environmental challenges in WB&G. In Gaza, these challenges combined with high population density result in low water availability per individual, low quality of available potable water, and contribute to low hygiene and variety of epidemiological risks (RAND 2018). While the situation in West Bank is less severe, water shortage poses substantial challenges there as well. These challenges disproportionately affect people in WB&G who live below the poverty line. The situation is not anticipated to improve in the near future, and may get worse, regardless of the effects of climate change.
7. **Climate change forecast over the project lifetime.** To assess the effects of climate change in WB&G, the findings of a 2018 research paper published in International Journal of Climatology were used.³⁷ The paper applies a high-resolution, regional climate model (COSMO-CLM), which simulates climate with a resolution of 8-10 km. The model forecasts spatial variability of total precipitation, precipitation intensity, and extreme temperatures. The forecast was generated for the period 2041-2070, i.e. the latter 30 years out of 50 years of “useful life” duration of systems and structures financed under this project.
 - i. *Temperature:* COSMO-CLM forecasts “a general increase in seasonal mean temperature throughout the domain with peaks of ~2.5 °C, especially in winter and autumn. Increase in the annual minimum temperature is larger than increase in annual maximum temperature” (Hochman et al. 2018).
 - ii. *Precipitation:* Seasonal precipitation is expected to decrease up to 40 percent in the northern and central parts of the region. The model also predicts that the consecutive wet day index will decrease by about two days in the northern areas, and by about one day in the central and southern parts. According to the model, winter seasons will be shorter, while longer dry periods over the summer can be expected. According to the model, seasonal changes will include shorter winters and longer summers.
 8. **Effect of forecasted climate change in WB&G.** The estimated 20-40 percent reduction in precipitation, increase of the lower extreme of annual temperature by up to 2.5 °C, reduction of duration of consecutive wet days periods, and increase in duration of consecutive dry days periods will exacerbate the already severe water shortage and quality challenges in WB&G. Coupled with population growth, the impact of climate change on environmental and public health challenges in WB&G is expected to be high. Lack of water and substandard water quality will have further negative impact on health outcomes in pregnant women, mothers and children, and may potentially create epidemiological hazards due to decreased hygiene standards.
 9. **This project intends to contribute to climate change adaptation through all project activities.** The project aims to strengthen human capital, the key resource of WB&G in a context of limited natural resources.
 - i. The activities under this project have been designed in a climate-sensitive way and will contribute to more sustainable practices and community resilience. For example, the parenting intervention and the KG teacher professional development program will promote a safe and healthy home and learning environment. Parents and KG teachers may be trained to ensure children’s well-being during periods of extreme temperatures and droughts.
 - ii. Strengthening pre- and postnatal care and promoting the benefits of breastfeeding are particularly important in the context of the challenging conditions under the climate change forecasts, with water shortages and substandard water quality.

³⁷ Hochman et al. 2018. “High-resolution projection of climate change and extremity of Israel using COSMO-CLM”. *International Journal of Climatology*, 2018; 1-12. While the paper studies the effects of climate change in Israel, the results are relevant for WB&G. The high resolution of the model forecast allows to identify and interpret the results from areas of Israel adjacent to West Bank and Gaza.

- iii. Finally, the project includes climate change adaptation by making KG2 education resilient to forecasted climate change conditions. KG2 classrooms will be constructed or refurbished with climate-proof, sustainable and energy efficient design, to alleviate heat and allow for cooling ventilation during heat waves.

ANNEX 4: Economic Analysis

1. **Rigorous studies have shown that investments in early childhood can yield very high returns.** A meta-analysis of 40 combined nutrition and early stimulation interventions in low- and middle-income countries shows that these programs had an average effect size of 0.42-0.47 on cognitive and language development.³⁸ These interventions not only yield large benefits in terms of child development outcomes but are also highly cost-effective. For example, investing in interventions to increase exclusive breastfeeding rates can yield economic returns up to US\$ 35 for every US\$1 invested.³⁹ Similarly, early stimulation programs can also be highly cost-effective. A rigorous analysis of an early stimulation intervention in Bangladesh suggests that a one-point increase in cognitive and language outcomes in a composite score cost between 3.11-6.02 US dollar.⁴⁰ For high-quality early childhood education (ECE) programs implemented in the United States, the estimated internal rate of return ranges between 7 and 14 percent per annum (Heckman et al. 2010; García et al. 2017). Evidence suggests that substantial improvements in adult outcomes on employment, health and education stem from the lasting impact of ECE on cognitive and socio-emotional skills (Heckman et al. 2013). The effects of early nutrition, stimulation and education may be even larger for children from low-income households as compared to their peers from higher-income families (Weiland and Yoshikawa 2013).

2. **Given the low uptake of these critical early interventions by Palestinian families, and the mounting evidence on their high cost-effectiveness, there is a strong rationale for public investment in ECD in WB&G.** Knowledge gaps and information asymmetries are key factors driving the low rates of exclusive breastfeeding (38 percent), continued breastfeeding along with complementary food (12 percent) and early stimulation in WB&G. As such, there is a strong rationale for public investments that improve caregivers' knowledge on how to incorporate best early nutrition and stimulation practices at home. At the same time, given persistent market failures in KG service provision and inequitable access to KG, there is a strong rationale for public investment in the KG sector. As the Palestinian Authority is striving to universalize access to KG2 under its National ECD Strategy, substantial public investments will be necessary to enroll the entire target population of 5-year-old children. As of 2019, gross enrollment in KG2 is at 72 percent. As the population of 5-year-olds is projected to grow, the enrollment rate will drop to 67 percent by 2022 if KG2 services do not expand in the coming years. By partnering with the private sector and investing in public KG2 provision where necessary, WB&G can counter this trend and move towards universal access to KG2. As part of this effort, WB&G needs to put a special focus on equity. Currently, a child from the richest quintile of households in WB&G is twice as likely to attend ECE as a child from the poorest quintile (El-Kogali and Krafft 2015).

3. **This economic analysis is focused on private monetary returns to the project's investment in expanding access to high-quality KG2.** It is assumed that increased enrollment in quality KG2 will lead to higher educational attainment of project beneficiaries, thus raising future employability and wages. In addition, the project is expected to have a positive impact on maternal and child health and development outcomes due to the interventions financed under Component 1. The investments to improve the availability of ECD data under Component 3 are expected to further improve service delivery in the long run, while also building institutional capacity in the relevant ministries. Since the benefits under these components are difficult to quantify, they are not reflected in the economic analysis. As such, the economic analysis includes only the direct project costs incurred for the expansion of KG2 enrollment and

³⁸ Aboud, Frances E. and Aisha K. Yousafzai. 2015. "Global Health and Development in Early Childhood." *Annual Review of Psychology*, Vol. 66: 433-457.

³⁹ An Investment Framework for Nutrition: Reaching the Global Targets for Stunting, Anemia, Breastfeeding, and Wasting Directions in Development - Human Development. April 2017.

⁴⁰ Chinen, Marjorie and Johannes M. Bos. 2016. "Impact Evaluation of the Save the Children Early Childhood Stimulation Program in Bangladesh: Final Report." *American Institutes for Research, International Research and Evaluation Program*.

the quality improvements (US\$ 4.7 million). Recurrent cost that must be borne by the government as a result of these investments, such as the maintenance and staffing of new public KG2 classes, have not been accounted for in the analysis. Similarly, private spending by households on KG services (for example, enrollment fees or transportation cost), have not been included in the analysis.

4. **Over the lifecycle of the project, it is expected that an additional 6,400 children will be enrolled in KG2.** The potential impact of attending high-quality KG on future educational attainment and labor market outcomes is supported by a rich evidence base. In the United States, studies on the long-term impact of four high-quality ECE programs have shown that program participants had on average one additional year of schooling than individuals in the control group (Campbell et al. 2012). Drawing on evidence from the MENA region, an empirical analysis of ECE in Egypt revealed that attendance of early childhood education and care programs was associated with additional 1.79 years of schooling (Krafft 2015). For the purpose of this economic analysis, it is assumed that the association between KG2 attendance and additional years of schooling falls within a similar range. In the long run, these gains in educational attainment are expected to translate into better labor market outcomes. In West Bank and Gaza, an analysis of 2010/11 household survey data suggests returns of 5.1 percent for each additional year of education (Rizk 2016).

5. **The results of the economic analysis suggest that the expected benefits of the project will outweigh the cost.** Under the base case scenario, the economic analysis suggests an NPV of US\$2,865,455 and an IRR of 7 percent for the project (see Table A3.1). Based on the existing literature, all scenarios assume a 5 percent discount rate and a 5.1 rate of return to education in WB&G. For the sensitivity analysis, the additional years of schooling associated with KG2 attendance has been modified. Even under conservative assumptions, the benefits of the project outweigh the cost, with an NPV of US\$1,184,203 and an IRR of 6%.

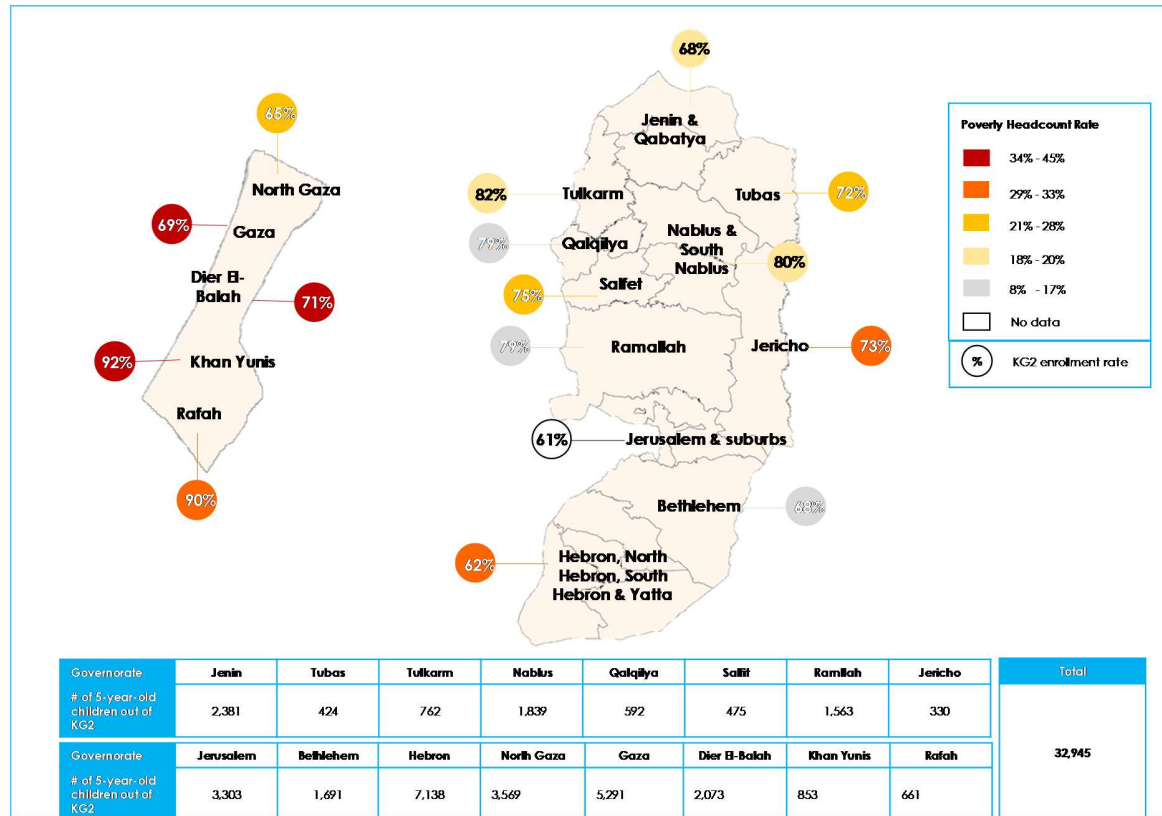
Table A4.1: Key Assumptions and Scenarios of the Economic Analysis

	Base Case	Low Case	High Case
Net Present Value	US\$ 2,865,455	US\$ 1,184,203	US\$ 16,945,938
Internal Rate of Return	7%	6%	13%
Key assumption: Additional years of schooling due to KG2 attendance	0.59 <i>(equivalent to one third of the association in Egypt)</i>	0.4 <i>(equivalent to one quarter of the association in Egypt)</i>	1.79 <i>(equivalent to the association in Egypt)</i>

6. **The positive social externalities of the project provide an additional rationale for project investment.** As high as the above estimated economic returns may be, they do not capture the social and intangible benefits to increasing access to quality early childhood development services. These benefits range from improvements in health outcomes to greater equity, social welfare and positive intergenerational externalities (Heckman et al. 2010, Heckman and Karapakula 2019).

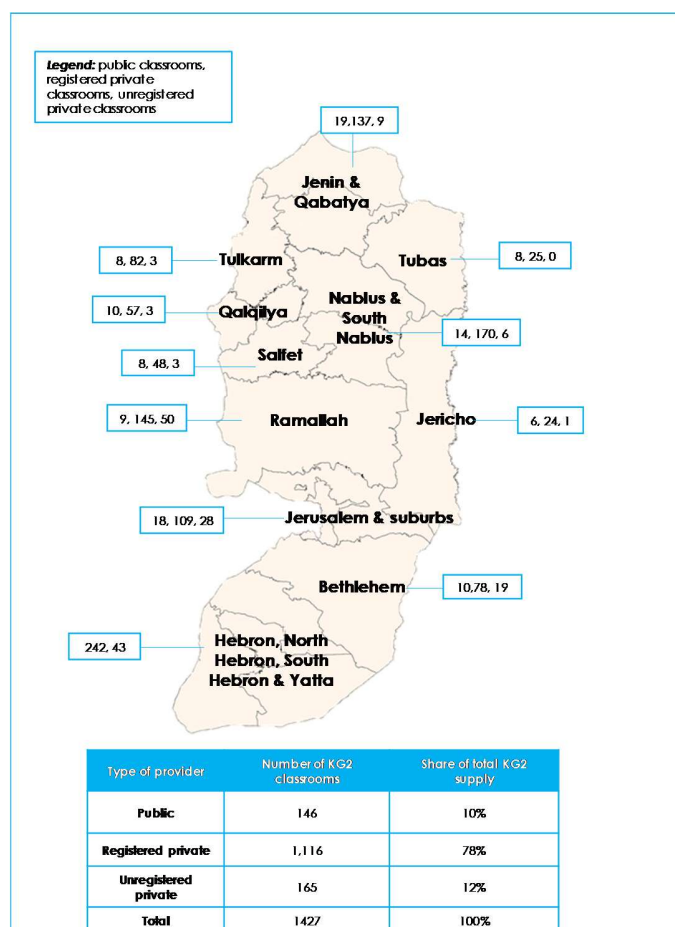
ANNEX 5: Supporting Figures

Figure A5.1. KG2 enrollment and poverty headcount rates in West Bank and Gaza, by governorate



Source: Enrollment estimates were made using latest PCBS population data (2017) and MOEHE enrollment data (2017). Poverty Headcount Rates are from latest available PCBS estimates (2009).

Figure A5.2. Mapping of KG2 providers in West Bank, by type of provider



Source: Rapid mapping exercise conducted jointly by MOE and WB using administrative data from field districts and 2018 EMIS data.

Note: Data for Gaza was unavailable at the time of the mapping exercise.

Figure A5.3: Mapping of ECD Services Offered to Children from Gestation to Age 5 in West Bank and Gaza by Line Ministry, 2018

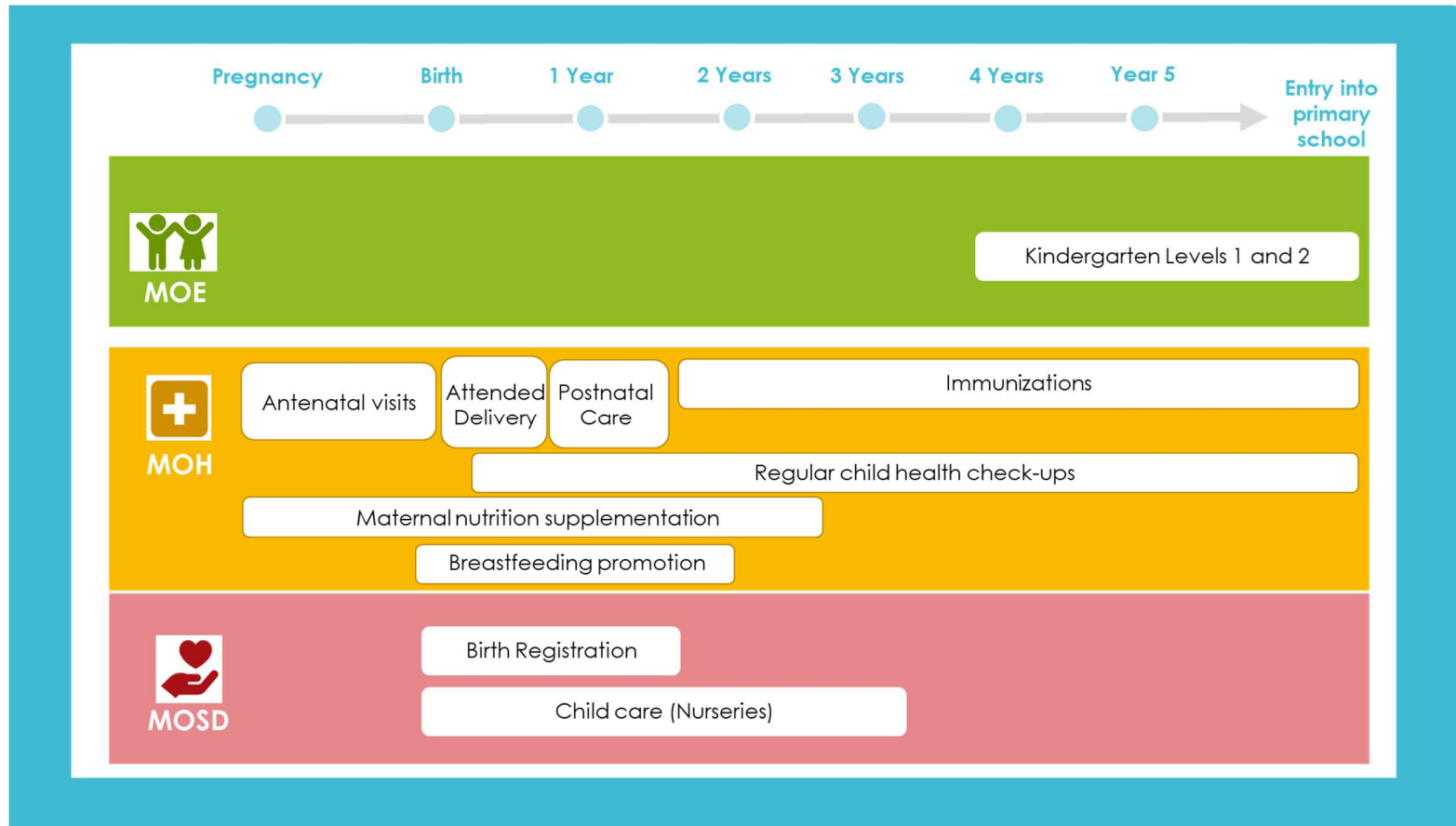


Table A5.1: Key ECD indicators in the West Bank and Gaza by age group

Pregnancy and Birth	Children aged 0-4 years	Children aged 4-5 years
<p>Antenatal care:</p> <ul style="list-style-type: none"> • 96% of women complete 4 or more antenatal care visits <p>Postnatal care:</p> <ul style="list-style-type: none"> • 91% of women receive post-natal care within 2 days of giving birth 	<p>Breastfeeding:</p> <ul style="list-style-type: none"> • 38% of infants aged 0-5 months are exclusively breastfed • Median duration of breastfeeding is slightly higher for boys (15 months) than girls (13 months) <p>Early stimulation:</p> <ul style="list-style-type: none"> • 78% of children aged 36-59 months were engaged by household members in four or more activities that promote learning over the course of three days⁴¹ • Fathers' engagement is 42 percentage points lower than mothers' engagement 	<p>Gross enrollment ratio in ECE:</p> <ul style="list-style-type: none"> • KG1: 40% • KG2: 72%

Sources: MICS 2014; MOE estimates.

⁴¹ The data suggests there is no difference in the level of engagement between boys and girls.



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