



1. Project Data:		Date Posted : 09/16/2003	
PROJ ID: P047067		Appraisal	Actual
Project Name: Gz: Palestinian Ngo Proj	Project Costs (US\$M)	17.0	15.1
Country: West Bank & Gaza	Loan/Credit (US\$M)	10.0	10.02
Sector(s): Board: SP - Other social services (99%), Central government administration (1%)	Cofinancing (US\$M)	4.8	5.05
L/C Number:			
	Board Approval (FY)		98
Partners involved : Italy, Saudi Fund	Closing Date	03/16/2003	12/31/2002
Prepared by :	Reviewed by :	Group Manager :	Group:
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2. Project Objectives and Components			
a. Objectives			
The project had three objectives :			
<ul style="list-style-type: none"> • to finance the provision of services to the poor and disadvantaged through Palestinian NGOs; • to upgrade skills and capabilities of NGOs and to assist them to adjust to a new configuration of public and private services; and • to help strengthen cooperative relations between Palestinian NGOs and the Palestinian Authority (PA), including help with the development of an appropriate legal and regulatory framework for the NGO sector . 			
b. Components			
Under the project, Palestinian NGOs would be invited to submit proposals for grant funding . The project would be managed by an NGO Project Management Organization (PMO), which would publicize the project, solicit proposals, determine grant awards, monitor sub-project implementation, and provide technical assistance to NGOs receiving grants. Oversight of the PMO was by a Governance Board that included representation from the PA, the Bank, Cofinanciers and NGOs.			
The operations of the project were to be carried out within five components :			
<i>Development Grants:</i> (US\$ 10.0 million - or 59 percent of project cost). Grants would be made to NGOs for varying periods of time (up to three years). The grants could vary in size from about US\$ 5,000 to US\$1.0 million. A few "block grants" could be awarded to experienced and professional NGOs, for on-granting to smaller or newer organizations. All grants would support activities with a solid community or neighborhood basis of approval .			
<i>Hardship Grants:</i> (US\$1.8 million - or 10 percent of project costs). These grants could be made to service NGOs that faced significant financial difficulties as a result of loss of previous sources of funding .			
<i>Capacity-building and Research Grants:</i> (US\$1.5 million - or 9 percent of project cost). These would include (a) grants to qualified institutions or individuals to conduct capacity -building activities with Palestinian NGOs, to develop their ability to plan, manage and monitor projects; (b) grants for research studies to improve information and analysis on the NGO sector and/or to benefit NGO relations with the PA: and (c) capacity building assistance to the PMO.			
<i>Development of Legislation and enhancement of PA-NGO coordination:</i> (US\$0.2 million - or 1 percent of project cost). Support to the PA and NGOs to develop appropriate modern legislation for the NGO sector .			
<i>Project Management Costs:</i> (US\$3.5 million - or 21 percent of project costs). Fees and expenses for the PMO, including hands-on technical assistance to NGOs receiving grants and for audits and evaluation studies .			
c. Comments on Project Cost, Financing and Dates			
The grant was fully disbursed and the project closed six months early . Because of the general deterioration of economic conditions in the West Bank and Gaza during the project period, especially after the Intifada began in September 2000, it was decided that having a separate category for Hardship Grants was not useful, and these funds were reallocated.			

3. Achievement of Relevant Objectives:

Overall, the project achieved its objectives .

1. Provision of services through NGOs. The project distributed US\$ 11.2 million (95 percent of planned) in grants to NGOs. This supported the implementation of 305 projects reaching a total of over 213,000 direct beneficiaries (more than four times the expected number of beneficiaries (50,000)). The sectoral distribution of the projects included: 48 percent in formal education; 15 percent in physical rehabilitation; 11 percent in health and social services; and 10 percent in agriculture. Of the total of about 214,000 beneficiaries, about 119,000 (or 56%) were women.

2. Improving the capacity of NGOs. The project had a positive impact in transferring new concepts and skills to beneficiary NGOs that were critical for upgrading their capacity . Through the block grant scheme (that distributed US\$3.5 million - or 30 percent of total grants), the project offered an invaluable opportunity for the transfer of expertise in managing umbrella grant award programs to a number of NGOs that play a major role in service delivery in the West Bank and Gaza .

3. Strengthening Relationships between the PA and Palestinian NGOs . The project supported a momentum that was necessary to ensure the successful passing of the NGO law that now regulates PA /NGO relationships and, to a large extent, guarantees NGOs the possibility of operating in a largely non -intrusive environment .

4. Significant Outcomes/Impacts:

Performance of sub-projects. Based on a sample of 79 projects, 41 percent of the grant-funded sub-projects achieved their objectives and left a positive impact on the beneficiaries, 55 percent partially achieved their objectives, and only 4 percent of the sub-projects failed or closed down . Given the difficult conditions under which the operations were implemented, this was a very creditable performance . In terms of beneficiary satisfaction, 71 percent of the beneficiaries indicated that they were satisfied with the services (the satisfaction rate appeared to be higher in Gaza than in the West Bank), 27 percent indicated that they were partially satisfied, and 1.3 percent indicated that they were dissatisfied .

Improving relationships with the PA. The PA had a chair on the Governance Board and, thus, an oversight role over the project. This had two benefits: (a) it ensured that the PA was aware of the ongoing NGO activities financed by the project; and (b) by giving the PA a "No Objection" right on projects being selected for financing, the project also provided a mechanism for ensuring that the projects implemented supported the priorities of the Ministries and did not duplicate their ongoing efforts .

5. Significant Shortcomings (including non-compliance with safeguard policies):

No indicators were developed by the PNGO to measure the efficiency of service delivery schemes funded under the project. In addition, the project did not develop the tools to track aggregate expenditures at the sub -project level and to report total spending on the various expenditure categories .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	
Institutional Dev .:	Substantial	Substantial	
Sustainability :	Likely	Non-evaluable	While the project has strengthened institutions serving disadvantaged groups in the occupied territories and this capacity is sustainable, the future ability of these institutions to continue to supply the services is subject to the unquantifiable risks of the nature of the current political situation in the territories .
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

In a sub-grant type operations, to ensure efficient implementation, all procedural aspects of the project should be fully elaborated by the time of appraisal .

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The ICR is generally satisfactory, but the "lessons learned" are more in the nature of specific conclusions on project performance than lessons that might be drawn for future operations . The inclusion (as an Annex) of a summary of

the views expressed by the project stakeholders at the workshop help at the conclusion of the project is particularly helpful. The Borrowers Completion Report is also above average in quality .