Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 01/21/2020 | Report No: ESRSC01024
BASIC INFORMATION

A. Basic Project Data

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

| Project Name                  | Technology for Jobs           |            |                           |

| Practice Area (Lead)          | Financing Instrument          | Estimated Appraisal Date | Estimated Board Date     |
| Finance, Competitiveness and Innovation | Investment Project Financing | 2/10/2020              | 3/27/2020                |

| Borrower(s)                   | Implementing Agency(ies)      |            |                           |
| Ministry of Telecommunications and Information Technology | Ministry of Telecommunications and Information Technology |            |                           |

Proposed Development Objective(s)
To increase economic opportunities in IT services by improving firm capabilities and developing a supportive ecosystem.

<table>
<thead>
<tr>
<th>Financing (in USD Million)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost</td>
<td>15.00</td>
</tr>
</tbody>
</table>

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?
No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]
The project will address the supply side, demand side and internal linkages within the IT service exports market. On the supply side, it will support technological and managerial upgrading in local firms, including by supporting the role of women in leadership positions. It will ensure that IT service exporters have access to the basic infrastructure they need to operate in global technology markets. The project will also focus on increasing global demand and investments in the IT service exports market. This will be achieved through co-investments in shared R&D infrastructure as well as through investments in activities to promote the Palestinian market abroad and broker
relationships with international buyers and investors. Finally, the project will help strengthen the collective governance of the tech service exports ecosystem and enable stakeholders to implement common projects that help the competitiveness of the sector as a whole.

D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]
The project is nationwide, covering both West Bank and Gaza. The project activities will take place mainly in urban populated areas where the project beneficiaries, individuals and firms, are practicing their ICT business. The project is not expected to include any civil works, except possibly some small-scale interior works to enable installation of equipment, therefore, no sensitive environmental features would be impacted.

D.2. Borrower’s Institutional Capacity
The implementing agency will be the PA Ministry of National Economy (MoNE), however, the beneficiaries will be a wide scale of stakeholders including individuals, firms, NGOs and universities. MoNE doesn’t have record of in-house environmental capacity. The beneficiaries, who will benefit from the new ICT equipment, are not also likely to have specific capacity apart from the general awareness of environmental issues. Despite the fact that the project activities have low to moderate environmental and social risks some awareness raising procedures and E&S guidance will be provided during implementation to ensure fulfillment of the ESSs requirements.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Environmental Risk Rating

The environmental risks of the project are considered Moderate. The main environmental risks are related to installation of equipment and supporting ICT infrastructure as part of Components 1.1 and 1.3 (related to the supply side of hardware) which would include installation of equipment, air conditioning units, standby generators, solar systems and batteries, which will be associated with localized noise and air emissions and limited health and safety risks. There will be indirect impacts related to generation of e-waste, waste solar panels, batteries and packaging materials that need to be disposed in adequate disposal sites. Other project activities are related to capacity building, training, awareness raising and software supply no/negligible environmental risks. Although the environmental risks and impacts discussed above are generally of low significance due to their small scale and localized nature, because the institutional capacity of the implementing agencies are uncertain the environmental risk rating has been raised to moderate. There will be also some environmental benefits through improving the office ergonomics.

Social Risk Rating

The social risks associated with the project are considered moderate. The social risks are limited in nature and scale, and can be summarized as follows: 1) risks related to social exclusion in its various forms that would need to be mitigated through ensuring that project benefits, such as access to grants, and job opportunities, can be accessed and optimized for the most vulnerable and youth, including those from poor communities and women 3) risk of exposure of youth, including vulnerable youth and women to sexual harassment or exploitation, or poor working conditions, indirectly, through project financial support for on-the-job training programs and salaries for new employees. 2) risks related to labor and working conditions for project workers who consist of the PMU. The project will not result in
any risks related to involuntary resettlement. Private sector firms seeking grants to establish new enterprises or subsidiaries will need to demonstrate adherence to willing-buyer willing-seller criteria to qualify.

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

**B.1. General Assessment**

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

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

ESS1 is relevant to the project. The project is aimed at increasing economic opportunities in tech-enabled services sector and comprises various co-investments with private sector enterprises providing IT/business process outsourcing services (e.g. training; HR; accounting; customer support). Eligible companies that may include SMEs and Multi-national corporations, can apply for grants to invest in 1) human capital through on-the-job training programs or salaries of new employees and 2) fixed costs to establish new enterprises or subsidiaries or 3) improving basic IT infrastructure such as air conditioning, office furniture, IT equipment, generators or solar cells (focused in Gaza). Technical assistance is also being provided for awareness-raising campaigns to promote IT sector and women’s leadership in the sector; these TA activities are considered low risk from a social and environmental perspective.

An ESMF will be prepared that will provide appropriate mitigation measures for all project activities including establishing environmental and social criteria as eligibility requirements, and conditions for private sector enterprises that want to access the grants. The ESMF will also investigate different environmental risks and impacts and which type of interventions would require an environmental and social assessment instrument.

Through project design and implementation there is a risk that certain individuals or groups may be more limited in their ability to take advantage of the project’s benefits. The ESMF will include a social assessment to examine the different project components and interventions and assess their impact, and make project design recommendations to reduce barriers for vulnerable youth, and women to access project benefits.

Concerning gender, Component 1.4 will seek to increase the access of women to outsourcing companies, and specifically to management and leadership positions where they are missing. It will achieve this by raising awareness of the opportunities for women in the sector, by providing incentives for companies to adopt gender-supportive policies, and by providing grants to collective activities supporting the role of women in information technology services companies. The project will coordinate with IFC and draw upon its significant experience supporting Palestinian women in business. Further, the project will leverage the recent partnership of IFC with the Economic Dividends for Gender Equality (EDGE) certification program—which assess gender balance across all levels of an organization and analyzes practices in leadership development, training and mentoring. The project will also draw upon the recently approved Egypt Catalyzing Entrepreneurship for Job Creation Project (P162835)—which includes activities to support women developing stronger IT skills. Those aspects will also be addressed in the ESMF.

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

The institutional arrangements for the project have not yet been determined. An institutional capacity assessment will be necessary, and recommendations incorporated in the ESCP for instance E&S staffing.

The documentation reviewed to prepare this ESRS was limited to the Project Concept Note.

Areas where “Use of Borrower Framework” is being considered:
Use of the Borrower Framework is not considered.

ESS10 Stakeholder Engagement and Information Disclosure

ESS10 is relevant to the project. The project has various stakeholders corresponding to the different sub-components including the private sector, male and female youth, educational institutions, implementing agencies; and other government agencies. The stakeholder risk is high because of the relation between Palestinian and regional stakeholders and the limited recognition of PITA as a change-maker among IT companies. The Borrower will prepare a Stakeholder Engagement Plan (SEP) for the project, as early as possible, and before appraisal. The SEP will address the high stakeholders risk and include measures for mitigation. The SEP outlines a) who the key stakeholders are; b) how they are to be engaged; c) how often the engagement will occur throughout the project; d) how feedback will be solicited, recorded and monitored over the project; e) who will be charged/responsible with this engagement; f) timeline for this engagement. The process of stakeholder engagement will begin during preparation and continue into implementation will be prepared.

The SEP will include outline (i) stakeholder identification and analysis (ii) stakeholder engagement activities on the project design and social assessment (iii) outreach efforts customized for the various sub-components to ensure the potential project benefits are adequately communicated and barriers to access are minimized (iv) disclosure of information (iv) project grievance mechanisms.

B.2. Specific Risks and Impacts

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

ESS2 Labor and Working Conditions

ESS2 has some relevance for the project. ESS2 may apply to members of the PMU that are hired for the project, depending on the resource arrangements (i.e. civil servants versus consultants). An LMP will be prepared prior to appraisal, covering project workers.

Project beneficiaries (e.g. workers who get jobs at tech-enabled companies as a result of investment grants that pay their salaries provided by the project) are not covered under ESS2. However the labor risks for these workers will be assessed under ESS1 in the ESMF.
ESS3 Resource Efficiency and Pollution Prevention and Management

ESS3 is relevant as the project will include installation of ICT equipment and supporting infrastructure including generators, solar panels, batteries, and air conditions. The relevance of ESS3 is mainly related to ensuring efficient energy consumption, and adequate management of e-waste, expired batteries, wasted solar panels, and other related wastes. As the country does not have a dedicated landfill for hazardous waste, best available technologies will be employed in handling and disposal of hazardous waste. The implementing agency would need to prepare an energy efficiency and waste management strategy to address those issues. The ESMF will highlight the requirements of this strategy and its implementation arrangements among different beneficiaries.

ESS4 Community Health and Safety

ESS4 is not considered relevant. No certain risks on community health and safety related to the Project activities.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

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

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

ESS6 is not considered relevant. All project activities are expected to be in populated urban areas with no risks on natural habitats or ecosystem services.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

ESS7 is not considered relevant. No known indigenous people in the Project area.

ESS8 Cultural Heritage

At this stage, ESS8 is not expected to be relevant to the project, project activities are not expected to affect tangible or non-tangible cultural heritage.

ESS9 Financial Intermediaries

ESS9 is not considered relevant. No FIs are expected to be used.

B.3 Other Relevant Project Risks

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

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways
No international waterways will be impacted by project activities.

OP 7.60 Projects in Disputed Areas
Project activities are conducted in areas of the West Bank and Gaza under the PA authority and will not have impacts on the legal status of the PA or the territories under its jurisdiction.

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered?
No

Financing Partners
No financing partners identified at the moment.

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:
- Preparation of ESMF
- Preparation of SEP
- Labor Management Procedures
- Consultation and disclosure of instruments

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):
- Environmental and social staffing requirements
- Implementation of ESMF
- Implementation of SEP
- Preparation and implementation of energy efficiency and waste management procedures for installed hardware

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS 21-Jan-2020

IV. CONTACT POINTS

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Implementing Agency(ies)  
Implementing Agency: Ministry of Telecommunications and Information Technology

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VI. APPROVAL  
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Safeguards Advisor ESSA: Nina Chee (SAESSA) Cleared on 21-Jan-2020 at 15:12:34 EST