

Financial Sector Strengthening and Modernization (FSSM) Project

Stakeholder Engagement Plan (SEP)

April 23, 2026

1. Introduction/Project Description

The Financial Sector Strengthening and Modernization Project (FSSM) aims to improve access to finance for viable micro, small and medium enterprises (MSMEs). The project is being prepared in a fragile and volatile context where MSMEs and households face severe economic pressures and reduced access to credit. In this context, microfinance institutions (MFIs) have become an increasingly important source of working capital for MSMEs. The project will be implemented by the European Palestinian Credit Guarantee Foundation (EPCGF).

The project includes the following components:

Component 1: MSME Finance (\$23 million). The objective of this component is to encourage additional sound lending to MSMEs and ensure the ongoing viability and operational capacity of financial institutions (FIs), especially microfinance institutions in the West Bank. The proposed operation will provide targeted support through de-risking credit to MSMEs and providing operational grants to financial institutions. To support the flow of credit through de-risking eligible credit, the proposed operation will fund a \$18 million risk-sharing facility. This facility is expected to be managed as a window in one of the two Partial Credit Guarantees (PCGs) active in the West Bank and Gaza, namely EPCGF. Up to \$5 million of the funding could also be utilized to guarantee loans from Palestinian banks to solid MFIs.

Component 2: Project Management, Monitoring and Evaluation, Capacity Building, and Technical Assistance (\$2 million). This component will finance the costs required for effective, timely, and compliant implementation of Component 1 through EPCGF, acting through its Project Implementation Unit (PIU). Eligible expenditures will include project and grant management, staffing, operating costs, fiduciary functions (financial management and procurement), monitoring and evaluation (M&E), independent audits, mid-term and final evaluations, and consulting services. The component will also finance technical assistance and capacity building for EPCGF, participating financial institutions, microfinance institutions (MFIs), and other eligible intermediaries to strengthen credit risk management, portfolio monitoring, reporting, operational systems, and compliance. In line with the Environmental and Social Commitment Plan (ESCP), the component will support implementation of the Environmental and Social Framework (ESF), including ESMS strengthening, E&S focal points, stakeholder engagement, grievance redress mechanisms, SEA/SH mitigation measures, and E&S monitoring and reporting related to project activities.

Component 3: Contingent Emergency Response Component (CERC) (US\$0 million). This component will provide immediate support to an eligible emergency crisis, as needed.

The Stakeholder Engagement Plan (SEP) is a dynamic document and will be updated to reflect changes, updates, and progress in implementation of stakeholder consultation and engagement activities as necessary. The FSSM Project is being prepared under the World Bank's ESF. Per Environmental and Social Standard ESS10 on Stakeholder Engagement and Information Disclosure, EPCGF should provide stakeholders with timely, relevant, understandable, and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination, or intimidation.

2. Objective/Description of SEP

The overall objective of this SEP is to provide guidelines for the development of a program for stakeholder engagement, including public information disclosure and consultation throughout the entire project cycle, as part of the Environmental and Social Management System (ESMS) of EPCGF. The ESMS will be upgraded prior to the commencement of project activities. The SEP outlines the ways in which the project team can communicate with stakeholders. It also provides guidelines for upgrading EPCGF's grievance mechanism, in line with ESS10, through which people can raise concerns, provide feedback, or make complaints about project activities or any activities related to the project.

3. Stakeholder identification and analysis

3.1 Methodology

In order to meet best practice approaches, the project will apply the following principles for stakeholder engagement:

- *Openness and life-cycle approach*: Public consultations for the project(s) will be arranged during the whole life cycle, carried out in an open manner, free of external manipulation, interference, coercion, or intimidation.
- *Informed participation and feedback*: Information will be provided to and widely distributed among all stakeholders in an appropriate format; opportunities are provided for communicating stakeholder feedback, and for analyzing and addressing comments and concerns.
- *Inclusiveness and sensitivity*: Stakeholder identification is undertaken to support better communications and build effective relationships. The participation process for the projects is inclusive. All stakeholders at all times are encouraged to be involved in the consultation process. Equal access to information is provided to all stakeholders. Sensitivity to stakeholders' needs is the key principle underlying the selection of engagement methods. Special attention is given to vulnerable groups that may be at risk of being left out of project benefits, particularly women, the elderly, persons with disabilities, displaced persons, and the cultural sensitivities of diverse groups.
- *Flexibility*: The ongoing conflict in the Middle East and its aftermath, including current political tension in the West Bank, and its repercussions in terms of transportation restrictions, security concerns, closures, and other forms of communication and mobility interruptions, currently inhibit traditional forms of face-to-face engagement, and such challenges are expected to remain for some time. Hence, other forms of engagement, including primarily bi-lateral communication (e.g., phone calls and virtual meetings), as well as hybrid formats (e.g., a combination of face-to-face and virtual meetings), will be used until more traditional forms of engagement are possible.

3.2. Affected parties and other interested parties ¹

Affected parties include local communities, community members, businesses, workers, and institutions that may be subject to direct project benefits, risks, or impacts. The individuals, institutions and groups listed below may fall in this category. This list will be revised and finalized as part of the stakeholder engagement planning that is done for the ESMS update and in line with the requirements of ESS9 and 10.

Under Component 1: viable MSMEs and end-borrowers expected to access or seek access to finance including microenterprises, informal businesses, first-time borrowers, and MSMEs operating in trade, agriculture, and other targeted sectors and services; participating MFIs and commercial banks whose

lending to MSMEs or MFIs may be supported through project-financed guarantees, operational grants, and related capacity-building measures.

For Components 1 project and sub-project workers include PIU workers, FI workers, and workers employed by financed MSMEs; and local communities in and around financed MSME activities.

The Projects' Other Interested Parties (OIPs) also include parties other than the directly affected communities, including institutional and sectoral actors whose mandates, oversight roles, representative functions, technical expertise, or market position make them relevant to project preparation and implementation. These parties may include public sector and regulatory actors such as the Ministry of Finance and Planning (MoFP), Ministry of National Economy (MoNE), Ministry of Telecommunications and Digital Economy (MTDE), Ministry of Social Development (MoSD), Ministry of Women's Affairs (MoWA), the Palestinian Central Bureau of Statistics (PCBS), and, as relevant, other public institutions linked to financial inclusion, MSME development, and consumer protection. OIPs also include sector and market representative bodies such as the Association of Banks in Palestine, the Palestinian Union for Small and Microfinance Institutions (Sharaka/PALMFI), chambers of commerce and business representative organizations, and private sector and market actors with an interest in MSME finance. This group also includes development partners and international organizations active in financial inclusion, private sector recovery, and public or humanitarian payments, including partners such as the European Union (EU), GIZ, EIB, SPARK, IFC, and relevant UN agencies. In addition, OIPs include local NGOs and community-based organizations, including organizations representing women, youth, persons with disabilities, workers, refugees, and rural communities such as SAWA, Maan Development Center, Rural Women Development Society (RWDS), Palestine for Social Development (PsDF), Starts of Hope, Qader, Women's Affairs Technical Committee (WATC), Palestinian Working Woman Society for Development (PWWSD), Sharek youth Forum, and the Palestine NGO network (PNGON). This group also includes universities, academic and policy research institutions such as Birzeit University, Annjah University, Al Quds University, Arab American University of Palestine (AAUP), MAS research center, and ARIJ. Additionally, within this group are local media outlets that may support outreach, awareness, consultation, and dissemination of project information including Ajyal Radio, Al Hayat newspaper, Al Ayyam Newspaper, Wafa news, and Palestine TV.

3.3. Disadvantaged/vulnerable individuals or groups²

Within the Project, vulnerable or disadvantaged groups may include but are not limited to the categories listed below. This list will be revised and finalized as part of the stakeholder engagement planning that is done for the ESMS update and in line with the requirements of ESS9 and 10.

#	Vulnerable or disadvantaged groups	Barriers to accessing information and/or Project Benefits	Representative Organizations in Stakeholder Engagement
1	Women-owned businesses, women entrepreneurs, and women-headed households	<ol style="list-style-type: none"> 1. Cultural norms, fear, and stigma. 2. Fragile political and socio-economic conditions may reduce women's mobility, time, and ability to engage with financial institutions, attend consultations, or complete application and onboarding requirements. 3. Women remain underrepresented in financial access, and may face additional constraints related to limited ownership of assets and collateral, which can reduce eligibility for credit and other financial products under Component 1. 4. Limited financial and digital literacy, as well as uneven access to devices, internet, and digital payment channels, may hinder access to project information and uptake of digital payments services. 	MoWA, MoSD, the Businesswomen Forum (BWF), Women's Affairs Technical Committee (WATC), Palestinian Working Woman Society for Development (PWWSD), Rural Women's Development Society (RWDS), YWCA of Palestine, and other relevant women-focused CSOs and service providers. International organizations such

		5. Care responsibilities, social norms, and concerns related to privacy, harassment, or confidence in engaging with formal institutions may further reduce participation in consultations and access to project-supported opportunities.	as the UNFPA. In addition to GBV organizations such as SAWA, and Gender Sub-cluster.
2	Youth-led businesses and young entrepreneurs	<ol style="list-style-type: none"> 1. Youth-led businesses and young entrepreneurs may face barriers related to limited business track record, limited credit history, and insufficient assets or collateral, which can constrain access to formal finance. 2. Limited familiarity with financial products, lending procedures, eligibility requirements, and digital payment tools may reduce their ability to benefit from project-supported finance and merchant digitization support. 3. Fragile economic conditions, high uncertainty, and reduced market opportunities may discourage borrowing, business expansion, or investment in digital payment adoption. 4. If outreach is not tailored to youth-friendly channels and formats, young entrepreneurs may be less likely to receive timely information on project opportunities, consultations, training, and grievance channels. 	Business Support Organizations, incubators, and accelerators as well as NGOs such as Sharek Youth Forum, Flow Accelerator, Intersect, Station J, and other relevant youth entrepreneurship support organizations, incubators, and university innovation and business support platforms.
3	Persons with disabilities, including business owners, consumers, and where relevant their caregivers/support persons	<ol style="list-style-type: none"> 1. Persons with disabilities may face physical, communication, and accessibility barriers in accessing consultations, financial institutions, merchant locations, and project-related information, especially if engagement materials and channels are not provided in accessible formats. 2. Limited availability of reasonable accommodation, assistive support, or caregiver support may reduce their ability to complete onboarding, use digital channels, or participate effectively in consultations and grievance processes. 3. Social stigma, exclusion, and the current conflict-related movement and access constraints may further reduce participation and access to project benefits, particularly for persons with disabilities living in underserved areas. 	MoSD, disability-focused civil society organizations including Qader for Community Development, the General Union of Persons with Disabilities, Stars of Hope Society, and other relevant organizations representing persons with disabilities and accessibility rights.
4	The elderly / older persons	<ol style="list-style-type: none"> 1. Older persons may face limited mobility due to age, health conditions, or physical frailty, which can restrict their participation in consultations and access to project-supported financial services and merchant locations. 2. Dependence on family members or caregivers, together with difficulties completing onboarding or verification steps, may create additional barriers to using financial services safely and independently. 3. Social isolation, conflict-related movement restrictions, and reduced access to communication channels may hinder awareness of project opportunities, consultations, and grievance channels. 	MoSD, local community centers, health and social care organizations, local NGOs and CBOs working with older persons, and other community-based outreach actors supporting elderly persons and their caregivers.
5	Low-literacy individuals	<ol style="list-style-type: none"> 1. Low-literacy individuals may face difficulty understanding written information on project opportunities, loan terms and conditions, eligibility requirements, onboarding steps, user instructions for digital payment services, and grievance channels. 2. Heavy reliance on text-based communication, digital applications, or written forms may reduce their ability to access project information and use services confidently and independently. 3. Limited financial and digital literacy may increase the risk of misunderstanding financial products, making errors during onboarding or transactions, or becoming more vulnerable to misinformation or fraud. 4. In fragile and conflict-affected conditions, interruptions in mobility, outreach, and communication channels may further reduce access to in-person guidance and tailored support needed by low-literacy users. 	PMA, local NGOs and CBOs with community outreach functions, community centers, digital payment service providers and agent networks, and relevant organizations supporting consumer awareness, financial literacy, and inclusion.
6	Low-income households and poor households with limited financial resilience	<ol style="list-style-type: none"> 1. Low-income and poor households may face limited ability to absorb shocks, limited savings, and reduced capacity to engage with formal financial products, particularly in the current fragile political and socio-economic context. 2. The cost of internet access, smartphones, electricity, transport, or transaction-related expenses may reduce their ability to receive information, engage with consultations. 3. Low-income households may have limited access to collateral, formal financial history, or suitable financial products, which can constrain their access to finance directly or indirectly through microenterprises and household businesses. 4. Disruptions to connectivity, payment infrastructure, or local service availability may disproportionately affect poor households that rely on affordable, timely, and reliable payment flows, including social protection and humanitarian assistance. 	MoSD, local NGOs and CBOs, community-based outreach organizations, Maan Development Center, relevant UN agencies and development partners engaged in social protection and financial inclusion, and digital payment service providers and agent networks, as applicable.

7	Informal businesses, microenterprises, and micro-entrepreneurs	<ol style="list-style-type: none"> 1. Informal businesses, microenterprises, and micro-entrepreneurs often face limited access to formal finance due to weak business records, limited formalization, and limited credit history, which can reduce their ability to meet lending requirements or engage effectively with financial institutions. 2. Banks rarely lend to micro-enterprises, even though these businesses employ a significant share of the workforce, while MFIs have become more selective and are increasingly focused on existing clients in the current high-risk environment. 3. As economic conditions worsen, informal sources of credit such as extended family and social networks have become harder to access, increasing financial pressure on micro-entrepreneurs and reducing their resilience. 4. Limited familiarity with formal lending procedures, documentation requirements, digital applications may reduce their ability to benefit from project-supported services. 	Sharaka/PALMFI, participating MFIs, chambers of commerce, PalTrade, business support organizations and accelerators, including Flow Accelerator, Intersect, Station J, Technopark, and other relevant organizations supporting micro and small enterprises.
8	First-time borrowers and MSMEs with limited assets or inadequate collateral	<ol style="list-style-type: none"> 1. A widespread and rising lack of adequate collateral significantly limits access to formal credit for many MSMEs. 2. In the current high-risk environment, MFIs are reluctant to extend new credit to MSMEs, particularly to first-time borrowers and those with limited assets. 3. Lack of property rights and limited co-guarantors are additional collateral-related barriers identified by MFIs, which can further constrain access to project-supported financing. 4. First-time borrowers may also face limited knowledge of available financial products, guarantee arrangements, eligibility criteria, and application procedures, which can reduce their ability to access project opportunities unless outreach and support are tailored appropriately. 	PMA, participating MFIs and banks, Sharaka/PALMFI, the Association of Banks in Palestine, EPCGF or the relevant guarantee facility manager, chambers of commerce, PalTrade, and business support organizations working with early-stage and underserved MSMEs.
9	People living in rural or underserved areas, including rural households and rural MSMEs, and refugee camps	<ol style="list-style-type: none"> 1. People living in rural or underserved areas may face reduced access to project information, consultations, and financial institutions due to distance, weak service coverage, and limited outreach channels. 2. Limited internet connectivity, electricity disruptions, and transport costs may constrain access to project-supported services and follow-up support. 3. Rural and underserved MSMEs may also face weaker market access, fewer financial service points, and lower exposure to financial literacy, merchant onboarding, and business support services, reducing their ability to benefit from Component 1 interventions. 4. Residents of refugee camps may face additional barriers linked to overcrowding, service disruptions, poverty, and dependence on already strained humanitarian and community systems, which can reduce access to information and project benefits. 	MoSD, LGUs, UNRWA, chambers of commerce, local NGOs and CBOs working in rural and underserved communities, including Maan Development Center, Juhood for Community and Rural Development, PARC, RWDS, and other relevant community-based organizations.
10	families and people living in Access Reduced Areas (ARAs).	<ol style="list-style-type: none"> 1. Families and individuals living in ARAs may face severe mobility restrictions, road closures, permit and access constraints, and heightened security risks, all of which can limit access to consultations, financial institutions, and grievance channels. 2. Reduced infrastructure, weak internet and telecommunications coverage, electricity disruptions, and limited physical access to banking, MFI, and merchant networks may hinder both access to information and uptake of project-supported financial services. 3. People in ARAs may face higher travel cost, time, and risk to reach service points, which may reduce their ability to complete onboarding, resolve issues, or maintain regular access to financial services. 4. Ongoing political and security tensions may reduce the feasibility of standard face-to-face outreach and consultations, increasing the risk that these communities are underrepresented in stakeholder engagement unless tailored methods are used. 	LGUs, local CBOs and community representatives in affected areas, Maan Development Center, Juhood for Community and Rural Development, PARC, and other local NGOs, international development agencies, UN Agencies, and outreach actors working in hard-to-reach communities and access-restricted locations.
11	Conflict affected households, displaced, and internally displaced persons (IDPs)	<ol style="list-style-type: none"> 1. Ongoing conflict, insecurity, displacement, and destruction or disruption of infrastructure may reduce access to project information, financial institutions, and consultation opportunities. 2. Displaced households and IDPs may face limited mobility, temporary or unstable living arrangements, loss of documentation, and difficulties completing onboarding, verification, or issue-resolution steps needed to benefit from financial services. 3. Psychological distress, livelihood loss, and broader socio-economic instability may reduce their ability to engage with project activities, respond to outreach, or take up project-supported services. 	MoSD, LGUs, UNRWA where relevant, relevant UN agencies, local NGOs and CBOs, Palestine Red Crescent Society, and humanitarian and community-based organizations supporting conflict-affected and displaced populations.

		4. Limited connectivity, disrupted communication channels, and difficulties accessing digital payment channels, cash-out points, or customer support may further reduce access to benefits, especially where households rely on public or humanitarian payment flows during crisis conditions.	
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Vulnerable groups within the communities affected by the Project may be added, further confirmed, and consulted through dedicated means, as appropriate. Description of the methods of engagement that will be undertaken by the project is provided in the following sections.

4. Stakeholder Engagement Program

4.1. Summary of stakeholder engagement done during project preparation

During project preparation, a series of bilateral phone consultations was conducted on 02 April 2026 with seven stakeholders identified in this SEP, namely the Association of Banks in Palestine, Sharaka (MFI Union), Rural Women’s Development Society (RWDS), Qader for Community Development, the Union of Chambers of Commerce, Juhood for Community and Rural Development, and the Economic and Social Development Center of Palestine (ESDC). Given the escalation with Iran, movement restrictions, and related access constraints, the consultations were undertaken by phone. Other stakeholders including the Businesswomen Forum (BWF) and Sharek youth forum were tried but could not be reached.

Discussions covered the overall project objectives and components and the potential role of representative and civil society organizations in outreach and implementation support. The discussions also included an overview of potential E&S risks, E&S instruments and mitigation measures, the ESF, applicable ESSs, stakeholder engagement and the SEP, the GM, GBV (SEA/ SH) referral pathways, future stakeholder engagement program, and information disclosure. Refer to Annex Table 1 for details.

In general, stakeholders welcomed the project and stressed the importance of improving access to finance for MSMEs, particularly those relying on MFIs and small loans, as well as the importance of digital payments, awareness, capacity building, and financial inclusion, especially under the current conflict conditions. Stakeholders highlighted the need to maintain focus on end beneficiaries, particularly MSMEs; to continue engaging women-focused, disability-focused, grassroots, and civil society organizations; and to consider issues affecting women’s financial inclusion, persons with disabilities, and community-level access to digital financial services. Several stakeholders also expressed interest in supporting awareness and inclusion activities and requested additional project information by email.

The environmental and social reports and plans will be disclosed through EPCGF’s website [Stichting European Palestinian Credit Guarantee Foundation](#), as part of the ESMS: [Stichting European Palestinian Credit Guarantee Foundation - Projects](#). Feedback received during consultations informed the Stakeholder Engagement Plan, particularly with respect to continued engagement with representative organizations, inclusion of vulnerable and marginalized groups and follow-up during implementation on issues related to access, outreach, and end-beneficiary focus. A summary of the main recommendations received and integrated into the Stakeholder Engagement Plan is provided in Annex table 1.

EPCGF will also ensure consultation with stakeholders throughout project implementation (as part of the ESMS as per ESS9, consultations to begin prior to implementation of activities) and a commitment in this regard is included in the project Environmental and Social Commitment Plan (ECP).

4.2. Summary of project stakeholder needs and methods, tools, and techniques for stakeholder engagement

Different engagement methods can be proposed and cover different stakeholder needs. The methods will take into consideration the current socio-economic and political situation and aim to allow for meaningful consultations. The methods, tools, and techniques may include correspondence, print media, online disclosure channels, social media channels, hotlines and helpdesks, bi-lateral face-to-face or phone consultations, technical consultations, virtual focus meetings, in person focus groups, hybrid modality meetings, one-on-one interviews, and site visits among others. Relevant methods, tools and techniques for stakeholder engagement will be identified/selected and included in the stakeholder engagement conducted as part of the EPCGF ESMS as per ESS9.

4.3. Stakeholder engagement plan

Stakeholder engagement will be conducted throughout project implementation and will need to commence prior to the start of project activities. A plan for stakeholder engagement will be prepared by the EPCGF PIU as part of the ESMS upgrade, in line with ESS9 and 10 requirements, and disclosed (as appropriate) as part of the disclosed information regarding the ESMS. The plan will be prepared and finalized in time for commencing project activities. An outline for preparing the plan is provided below:

Project Stage	Estimated Date/Time Period	Topic of Consultation/ Message	Method Used	Target Stakeholders	Responsibilities
<i>Preparation Stage</i>					
<i>Implementation stage</i>					
<i>Supervision & Monitoring</i>					

Information will be disclosed as follows: the SEP, ESCP, GM procedures and its uptake mechanisms including GBV (SEA / SH) referral pathways will be disclosed on the EPCGF website. Other information including leaflets, non-technical summaries, videos, campaigns, and other outreach material will be

shared on the website and respective social media outlets, in addition to local media engagement. All material will be available in Arabic Language.

4.4. Reporting back to stakeholders

Stakeholders will be kept informed as the project develops, including reporting on project environmental and social performance and implementation of the stakeholder engagement plan and Grievance Mechanism, and on the project's overall implementation progress.

5. Resources and Responsibilities for implementing stakeholder engagement activities

5.1. Resources

EPCGF will be responsible for stakeholder engagement activities as per their ESMS and in accordance with the requirements of ESS9 and ESS10. For Component 1, stakeholder engagement and grievance-related costs will be covered under the ESMS budget of EPCGF and will be determined, allocated, and reflected during implementation, in line with ESS9 requirements. The following budgetary categories are recommended to calculate expenditures appropriately.

Budget Category	Quantity	Unit Costs	Times/Years	Total Costs	Remarks
1. Estimated staff salaries* and related expenses					
1a. Environmental and Social Officer (ESO) at the PIU	1	-	Throughout project implementation	-	Included in project design
1b. communications specialist/ officer	1	-	Throughout project implementation	-	Included in project design
2. Events					
2a. organization of focus groups					
2b. organization of public meetings					
3. Communication campaigns					
3a. posters, flyers					
3b. social media campaign					
3c. video campaigns					
3d. Newspaper announcements and radio spots					
4. Trainings					
4a. training on social/environmental issues for EPCGF and PIU staff, consultants, community workers and project workers					
4b. training on GM, Workers' GM, and gender-based violence (GBV) for project workers					

5. Grievance Mechanism					
5a. GM communication materials					
6. Beneficiary Surveys					
6a. Different surveys for project implementation and feedback (mid/ post/ end of life)					
6. Other expenses					
6a. Miscellaneous					
TOTAL STAKEHOLDER ENGAGEMENT BUDGET					

5.2. Management functions and responsibilities

The entities responsible for carrying out stakeholder engagement activities are the EPCGF E&S staff in line with their respective ESMS and ESS9.

The stakeholder engagement activities will be documented through establishing a stakeholder engagement log that will detail the date, location, stakeholders involved, method of engagement, topics of discussion, follow up actions, remarks, photos, and any other useful information such as minutes of meeting and links to media and press releases as available. Additionally, EPCGF shall furnish Semestral progress reports with sufficient details on stakeholder engagement activities in line with the ESCP requirements. This SEP shall be updated if needed and any updates will be reviewed and cleared by the World Bank and disclosed.

6. Grievance Mechanism

The main objective of a GM is to assist to resolve complaints and grievances in a timely, effective, and efficient manner that satisfies all parties involved.

6.1. Description of GM requirements

Component 1 will be implemented through EPCGF, working with participating financial institutions, including MFIs and, as relevant, participating banks. In line with ESS10 and ESS9, EPCGF and participating financial institutions will be required to establish, maintain, or strengthen grievance arrangements proportionate to the environmental and social risks and impacts of Component 1, and accessible to project-affected parties and other interested stakeholders. These arrangements may build on existing formal or informal grievance mechanisms, supplemented as needed with project-specific measures, provided they are suitable for project purposes and consistent with the relevant requirements of the ESF.

Currently, EPCGF operates two systems for internal and external complaints. Key features of the systems are as follows:

1. Internal Grievance Procedures (Staff)

EPCGF operates under a culture of total transparency. The internal control framework – specifically **Section B: Open-Door Policy (Page 11)** of the *Prevention of Fraud and Corruption Policy* – mandates a workplace where integrity is non-negotiable.

The “Tone at the Top”: Information exchange at EPCGF occurs seamlessly on a daily basis, underpinned by a leadership mandate that is both transparent and uncompromising. The Board of Directors and Senior Management consistently model the highest standards of ethics, maintaining a **zero-tolerance policy** toward fraud or corrupt practices.

Reporting Channels & Escalation: Staff members are encouraged to raise concerns regarding unfair treatment, policy violations, or suspected misconduct through the following tiered channels:

- **First Line:** Senior Management (via email or open-door discussion).
- **Compliance Oversight:** The dedicated Compliance Officer.
- **Governance Level:** Direct access to the Chairman or any Member of the Board.

Investigation & Non-Retaliation:

- **Confidentiality:** All reports are handled with the strictest confidence to protect the informant.
- **Committee Review:** A designated committee investigates findings and submits formal recommendations to the Board of Directors.
- **Whistleblower Protection:** EPCGF guarantees that no staff member will be subject to adverse action, repercussions, or career prejudice as a result of reporting a grievance in good faith.

2. Partner Grievance Mechanism (External)

For over 20 years, EPCGF has fostered a culture of absolute transparency with our partners. While rooted in long-standing practice, commitment to partner feedback is a cornerstone of institutional excellence.

Proactive Engagement: EPCGF does not wait for grievances to arise and instead actively seeks them through:

- **Routine Site Visits:** Regular inspections of partner headquarters and branches.
- **Strategic Retreats:** High-level workshops designed to encourage open dialogue.
- **Direct Executive Access:** Partners may escalate concerns directly to the Managing Director or even take it to the Chairman of the Board.

Governance-to-Governance Communication: To ensure partner concerns are heard at the highest level:

- **Chairman Liaison:** The EPCGF Chairman conducts periodic visits to the Chairmen and CEOs/ General Managers of partner institutions.
- **Open-Door Executive Policy:** Partner leadership maintains a direct line to EPCGF’s top executives to discuss staff conduct, credit decisions, or systemic issues.

Resolution Commitment: Every external complaint is investigated with objective rigor. EPCGF ensures that all partner feedback is carefully reviewed, addressed appropriately, and resolved in a manner that strengthens the long-term health of the credit guarantee ecosystem.

Contact details for External Complaints (telephone number, email address, postal address, web contact):**T: +970 2 2400 327****E: info@epcgf.org****P.O.Box 4079, Palestine****www.epcgf.org**

The current grievance mechanism of EPCGF will be upgraded in line with ESS10 requirements, as part of the ESMS upgrade, and used for the Project. The grievance arrangements for Component 1 will allow stakeholders to raise concerns, complaints, queries, and feedback related to the environmental and social performance of supported activities, including issues related to access to project benefits, lending and screening processes, exclusion decisions, stakeholder engagement, conduct of staff, information disclosure, and the implementation of environmental and social requirements at FI subproject level. The mechanism will include clear uptake channels, timely acknowledgment and response, recording and tracking of cases, confidentiality provisions for sensitive complaints, the possibility to submit anonymous complaints, and an appeals process. EPCGF and participating financial institutions will review their existing grievance arrangements against the applicable ESS10 and ESS9 requirements and address any identified gaps before implementation. [Annex II](#) to this SEP provides a practical grievance mechanism checklist to support this review and strengthening process.

The GM will provide an appeals process if the complainant is not satisfied with the proposed resolution of the complaint. Once all possible means to resolve the complaint have been proposed and if the complainant is still not satisfied, then they should be advised of their right to legal recourse.

The Project will also have additional measures in place to handle sensitive and confidential complaints, including those related to Sexual Exploitation and Abuse and Sexual Harassment (SEA/SH), in line with the World Bank ESF Good Practice Note on SEA/SH. SEA/SH-related grievance requirements will be included within the grievance arrangements to be established, maintained, or strengthened by EPCGF and participating financial institutions under their ESMS, in line with ESS9 and ESS10. These arrangements will be reviewed against the applicable requirements before implementation and strengthened, as needed, including with respect to confidential intake, handling of sensitive complaints, record-keeping, reporting, referral pathways, and closing the feedback loop with complainants, as appropriate. [Annex II](#) provides a practical checklist to support this review and strengthening process.

Workers' Grievance Mechanism:

EPCGF and participating financial institutions will be required, in line with ESS9 and applicable ESS2 requirements, to establish, maintain, or strengthen worker grievance arrangements as part of their ESMS and labor management procedures. These arrangements will be reviewed before implementation and strengthened, as needed, including with respect to confidential submission, timely response, record-keeping, reporting, and communication back to complainants to close the feedback loop.

The World Bank and the Borrower do not tolerate reprisals and retaliation against project stakeholders who share their views about Bank-financed projects.

7. Monitoring and Reporting

7.1. Summary of how SEP implementation will be monitored and reported

The Project provides the opportunity to stakeholders, especially Project Affected Parties (PAPs) to monitor certain aspects of project performance and provide feedback. The GM will allow PAPs to submit grievances and other types of feedback. Frequent and regular meetings and interactions with the PAPs and other local stakeholders and interested parties will be organized in accordance with this SEP. Monitoring indicators will include number of meetings and engagement activities conducted, segregated by stakeholder categories (e.g., PAPs, OIPs) and topics of meeting, numbers of attendees, gender of attendees, numbers of brochures and other printed media handed out. In addition to numbers of social media posts, outreach and engagement statistics, TV interviews, news articles, and radio announcements.

Semestral E&S reporting will also include SEP and stakeholder engagement aspects, including summary of stakeholder engagement activities, information related to number of received complaints and inquiries, resolution timeframe and status, and feedback received.

7.2. Reporting back to stakeholder groups

The SEP will be periodically revised and updated as necessary in the course of project implementation. Semestral summaries and internal reports on public grievances, enquiries, and related incidents, together with the status of implementation of associated corrective/preventive actions, will be collated by responsible staff and referred to the senior management of the project. The semestral summaries will provide a mechanism for assessing both the number and nature of complaints and requests for information, along with the Project's ability to address those in a timely and effective manner. Information on public engagement activities undertaken by the Project during the year may be conveyed to the stakeholders in various ways: such as non-technical summaries, updates on SEP disclosed on project page, news announcements through local media, social media posts, videos, interviews, and articles.

Annexes

Annex I: Consultation Summary

Table 1. Consultation Minutes

Stakeholder (Group or Individual)	Dates of Consultations	Summary of Feedback	Response of Project Implementation Team	Follow-up Action(s)/Next Steps	Timetable/ Date to Complete Follow-up Action(s)
Association of Banks in Palestine, Bashar Yaseen, General Manager	02 April 2026	The stakeholder welcomed the project and expressed overall support. Questions were raised regarding the distribution of Component 1 resources between the guarantee facility and guarantee loans as well as the role of the CERC. The stakeholder emphasized the importance of capacity building, financial awareness and highlighted the Association's experience in these areas, including financial awareness events and its "Masrifi" application targeting students and youth. The stakeholder also asked whether the Association could play a role as a partner in this project.	The project team provided clarifications on the project structure and components and noted the stakeholder's interest in supporting awareness, capacity building, and financial inclusion efforts.	Share additional project information by email, as needed. Reflect the stakeholder's feedback in the SEP consultation record. Raise the suggestions on potential awareness and capacity-building roles.	Following disclosure/finalization of the SEP and during early implementation, as relevant.
Sharaka, Batool Hamad, Program Coordinator	02 April 2026	The stakeholder welcomed the project and did not raise substantive concerns during the consultation. They requested that more information on the project be shared by email so it can be circulated internally and with member MFIs.	The project team noted the stakeholder's positive reception and acknowledged the request for additional information for onward sharing.	Share a brief project summary / additional information by email. Maintain engagement with Sharaka during implementation, particularly on Component 1 and participating MFIs.	As soon as practicable following the consultation and during implementation, as relevant.
Rural Women's Development Society (RWDS), Amin Juadi, Projects Coordinator	02 April 2026	The stakeholder welcomed the project and stressed the importance of such interventions. They emphasized the importance of access to finance for the sectors and beneficiaries they work with, noting that many MSMEs rely on MFIs and small loans. They also stressed the importance of digital payments, particularly under current war and conflict conditions. The stakeholder also stressed the importance of including women and gender concerns in future consultations, including issues related to women's protection, social norms, access to opening bank accounts, inheritance, and other barriers affecting women's financial inclusion. They requested more information by email.	The project team acknowledged the importance of the issues raised, including women's financial inclusion, and barriers affecting women's access to services. The team noted the importance of continuing engagement with women-focused organizations and reflecting these concerns in project implementation and stakeholder engagement processes.	Share additional project information by email. Reflect the stakeholder's feedback in the consultation record and maintain follow-up engagement with RWDS during implementation, particularly on gender inclusion and outreach.	During early implementation and future stakeholder engagement rounds, as relevant.

<p>Qader for Community Development, Lana Al Bandak</p>	<p>02 April 2026</p>	<p>The stakeholder noted that they will raise this information with their team their team to further discuss how persons with disabilities can be involved in and benefit from the project. They indicated interest in continued engagement with PMA and the project during implementation.</p>	<p>The project team welcomed the stakeholder’s willingness to engage further and noted the importance of continued consultation with organizations representing persons with disabilities.</p>	<p>Follow up with Qader and continue engagement during project implementation to discuss accessibility, outreach, and inclusion of persons with disabilities.</p>	<p>During early implementation and future stakeholder engagement rounds, as relevant.</p>
<p>Union of Chambers of Commerce, Nazih Mardawi, Head of Union</p>	<p>02 April 2026</p>	<p>The stakeholder requested more details on Component 1 and raised concerns regarding the high interest rates on MFI loans. They stressed the importance of ensuring that end beneficiaries, especially MSMEs, remain the focus of the project. They requested more detailed information by email.</p>	<p>The project team noted the concerns raised regarding access to finance conditions and the need to keep MSMEs at the center of project implementation. The team acknowledged the request for more information.</p>	<p>Share additional project information by email. Reflect the feedback in the consultation record and raise the concern regarding end-beneficiary focus during implementation discussions, as relevant.</p>	<p>As soon as practicable following the consultation and during implementation, as relevant.</p>
<p>Juhood for Community and Rural Development, Moghanam Ghannam, General Manager</p>	<p>02 April 2026</p>	<p>The stakeholder asked about their possible role in awareness raising and in the project more broadly. They highlighted their previous experience in World Bank-financed projects, especially Development Impact Bonds under Finance for Jobs. They explained that they are already working on financial awareness and inclusion for trainees and program beneficiaries. The stakeholder welcomed the project and expressed interest in supporting awareness and inclusion activities with their beneficiaries. They also stressed the importance of financial inclusion, engagement of grassroots and civil society organizations, and inclusion of marginalized groups.</p>	<p>The project team acknowledged the stakeholder’s experience and interest in supporting outreach, awareness, and inclusion activities. The importance of grassroots and civil society engagement was noted.</p>	<p>Reflect the feedback in the consultation record. Maintain follow-up engagement with Juhood during implementation, particularly on awareness, inclusion, and outreach to grassroots and marginalized groups.</p>	<p>During implementation and future engagement rounds, as relevant.</p>
<p>Economic and Social Development Center of Palestine (ESDC), Abeer Qtairy and Ibrahim Ihribat</p>	<p>02 April 2026</p>	<p>The stakeholder noted that while the project may not directly mirror ESDC’s current interventions, its objectives are relevant to ESDC’s work with end beneficiaries. They explained that ESDC and other NGOs, including Village Savings and Loan Associations (VSLAs), could benefit from financial inclusion. They highlighted that many current community-level financial practices remain outdated and cash-based, exposing people to risks such as confiscation, theft, and loss.</p>	<p>The project team acknowledged the practical relevance of the stakeholder’s experience on financial inclusion and community-level financial practices, and noted the potential value of continuing to engage organizations working directly with end beneficiaries and community savings groups.</p>	<p>Reflect the feedback in the consultation record. Maintain follow-up engagement with ESDC during implementation, particularly on awareness, financial inclusion, outreach, and digital financial services for community-based groups.</p>	<p>During implementation and future engagement rounds, as relevant.</p>

Annex II: Component 1 Grievance Mechanism Checklist for EPCGF and Participating Financial Institutions

Note: For the purpose of this Checklist, a Grievance Mechanism is a system which allows not only grievances, but also queries, suggestions, positive feedback, and concerns of project-affected parties related to all kinds of project related issues, including its environmental and social performance, to be submitted and responded to in a timely manner.

A. GM Checklist During Project Preparation

1. Have you surveyed existing formal and informal Grievance Mechanisms (GMs) already in use in the project context¹?
2. Have you asked different stakeholder groups how they would prefer to voice their feedback/grievances related to the project²?
3. Are you proposing a variety of feedback/grievance uptake channels or options for stakeholders to submit grievances (e.g., in-person at a physical facility, letter, email, telephone/hotline, online form on a website, text message, social media, tablet/smartphone application, grievance boxes)?
4. Have you tailored these feedback/grievance submission options to make sure they are easily accessible for vulnerable groups³?
5. Have you developed operating procedures for the GM which include⁴:
 - a) A definition of the types of project-related feedback/grievances that can be received⁵?
 - b) A clear process for submitting feedback/grievances?
 - c) A clear set-up for the GM and adequate staffing⁶?
 - d) A system for acknowledging feedback/grievance receipt within a stipulated timeframe?
 - e) A process for investigating and resolving grievances depending on their seriousness and complexity⁷?
 - f) Information about how and how often complainants will receive status updates about their case?
 - g) Information about appeals processes?

¹ This means exploring existing ways in which people in the project area currently express and address feedback/grievances, whether formally (e.g., through existing hotlines or written correspondence) or informally (e.g., by contacting community leaders verbally).

² This can be done as part of the Stakeholder Engagement Plan (SEP) preparation process, through formats such as dedicated meetings, focus group discussions, door-to-door visits, existing forums (e.g., religious gatherings), meetings with organizations or individuals representing or possessing deep knowledge of these groups, one-to-one interviews, and surveys.

³ E.g., provide users with assistance to submit feedback/grievances where needed, hire community liaison officers, include representatives of vulnerable groups on grievance committees, provide documentation in Braille/sign language/captioned videos, simplify documents (e.g., conveying content in plain language, easy to understand for the public), provide visuals/pictures for users with low literacy levels, translate documents into all languages relevant to your target audience, adapt GM processes to the requirements of specific groups (e.g., offer a woman the option of interacting with a female interlocutor; ensure that the physical reception offices for grievances are accessible to people with mobility restrictions; propose dedicated channels for refugees, internally displaced persons, and others).

⁴ The operating procedures should be made available to all staff, beneficiaries, and potential users, and should be written in the local language. In some cases, drafting a grievance manual for staff may also be warranted. The operating procedures may include a sample feedback/grievance form.

⁵ Non-project related grievances may be received. If this happens, they should be referred to the appropriate Ministries/Departments for further follow up, and the complainant should be notified of this process.

⁶ It may be appropriate to have several levels of grievance handling (e.g., local-level committees combined with a high-level Project Implementation Unit committee). It is also important to identify and assign people to work on the GM at each level.

⁷ Specific procedures should be in place to ensure that sensitive and urgent grievances are appropriately handled (e.g., an accelerated process, referral to another department, or notification of higher management).

- h) Business standards for the process and timing with which grievances/feedback are resolved and/or responded to?
 - i) Information on how the feedback/grievance will be recorded and aggregated at the Project Management Unit / PIA level⁸?
 - j) Dedicated guidelines regarding confidentiality guarantees⁹?
 - k) Safeguards and sanctions for the breach of confidentiality/inappropriate disclosure of sensitive information?
 - l) A process for receiving anonymous feedback/grievances?
 - m) Specific guidelines outlining how labor complaints and Sexual Exploitation and Abuse/Sexual Harassment complaints will be handled, including how they will be referred to quality local Gender-Based Violence (GBV) services?
6. Have you budgeted the feedback/grievance management activities in the Stakeholder Engagement Plan (SEP)¹⁰? Is contingency funding available in the project's budget to support the resolution of well-founded grievances?
 7. Is a training plan associated with the GM roll out being designed and budgeted for, including training for project stakeholders tasked with handling SEA/SH complaints?
 8. Have you designed, published, and disseminated communication materials about the GM, in a way that is culturally appropriate¹¹?
 9. Have you developed a list of possible feedback/grievance categories, tailored to the project context, so that submissions can be sorted into different categories upon receipt?
 10. Have you designed a feedback/grievance registration and monitoring database ¹² which provides information on outcomes/responses provided? Does this database capture disaggregated data about people submitting the feedback/grievance, for example vulnerability-related data¹³? Does the system provide for the safe and ethical documentation, monitoring and reporting of sensitive complaints, including those related to SEA/SH?
 11. Is the GM connected to the main decision-making body of the project, so that grievances flagged can be immediately addressed by decision-makers?

B. GM Checklist During Project Implementation

12. Are you monitoring the implementation of the grievance management procedures?
13. Are you carrying out spot checks to ensure quality control (e.g., verifying grievance logs at random times without prior warning), to ensure that grievances have been resolved satisfactorily?
14. Has staff been assigned GM responsibilities at each level of the GM?
15. Are you training staff and/or providing refresher training on grievance redress at various levels?

⁸ E.g., paper log or grievance book, spreadsheet, dedicated management information system

⁹ Users should notably be informed if and why their personal data are being collected, and who will have access to their case.

¹⁰ Typical budget categories include, but are not limited to: GM staffing costs, GM management information system, communication materials, trainings, and suggestion/grievance boxes.

¹¹ It is recommended to use a variety of communication channels and provide materials in a variety of formats/languages to ensure broad outreach, e.g. online video, website, social media, display boards, posters, banners, billboards, magazine or newspaper advertisements, radio spots, television spots, printed information brochures and/or flyers, public meetings (e.g., roundtable discussions and seminars), local leaders, nongovernmental organization and/or civil society partners, events, SMS/texts. Materials may need to be adapted to help address barriers to information by the most vulnerable groups, including persons with disability.

¹² The database should, at minimum, provide an easy overview of the number of feedback/grievances received, type of uptake channel used, resolution time and compliance with business standards, issues raised in feedback/grievances, type of remedial action taken, and satisfaction of the complainant with resolution proposed.

¹³ Vulnerability-related data regarding a feedback provider/complainant could be, for example: gender, age, disability, geographical location, belonging to a specific group (e.g., indigenous, linguistic, or ethnic minority), employment status, or language.

16. As part of the ongoing stakeholder engagement activities outlined in the Stakeholder Engagement Plan, are you checking if the grievance uptake channels are adequate, effective, and easy to use for project-affected parties and vulnerable individuals and groups? (E.g., by regularly asking vulnerable groups or their representatives about their knowledge and views on the GM, including its accessibility, during focus group discussions and consultation meetings).
17. Are grievance forms or signs displayed prominently and readily accessible on project sites? Are contact details of staff receiving feedback/grievances published and displayed in public areas (including in local languages), as well as mentioned on the project website?
18. Have you looked for any bottlenecks in the grievance resolution process?
19. Are you maintaining a comprehensive communications campaign around the GM to make sure all project-affected people and other interested parties are aware of the mechanism?
20. Are you recording all feedback/grievances, both verbal and written, in the database?
21. Are you including a section on feedback/grievances in regular progress reports?
22. Are you analyzing trends in grievance data¹⁴ and using findings to improve project performance and/or limit future recurrences?
23. Are you collecting feedback from complainants to evaluate if they are satisfied with the resolution provided by the GM (e.g., by carrying out user satisfaction surveys)?
24. Are you publicly disclosing (safe and anonymized) data about grievance resolution and action taken as a result of citizen feedback?

Endnotes

¹ For the purposes of effective and tailored engagement, stakeholders of the proposed project(s) can be divided into the following core categories:

- **Affected Parties:** Persons, groups, and other entities within the Project Area of Influence (PAI) that are directly influenced (actually or potentially) by the project and/or have been identified as most susceptible to change associated with the project, and who need to be closely engaged in identifying impacts and their significance, as well as in decision-making on mitigation and management measures.
- **Other Interested Parties:** Individuals/groups/entities that may not experience direct impacts from the Project but who consider or perceive their interests as being affected by the project and/or who could affect the project and the process of its implementation in some way.
- **Vulnerable Groups:** Persons who may be disproportionately impacted or further disadvantaged by the project(s) compared with any other groups due to their vulnerable status: and that may require special engagement efforts to ensure their equal representation in the consultation and decision-making process associated with the project.
- It is important to note that sometimes projects have different components with very different sets of stakeholders for each component. Those different stakeholders should be considered in preparing the SEP.

² It is particularly important to understand whether project impacts may disproportionately fall on disadvantaged or vulnerable individuals or groups, who often do not have a voice to express their concerns or understand the impacts of a project, and to ensure that awareness raising and stakeholder engagement be adapted to take into account such groups' or individuals' particular sensitivities, concerns, and cultural sensitivities and to ensure a full understanding of project activities and benefits. Engagement with vulnerable groups and individuals often requires the application of specific measures and assistance aimed at the facilitation of their participation in the project-related decision making so that their awareness of and input into the overall process are commensurate with those of other stakeholders.

¹⁴ Examples of data which can be analyzed based on a comprehensive grievance log include the total number of grievances submitted by year/month; the total number of grievances submitted by access channel; the grievance resolution rate (i.e., the total number of received/resolved grievances), the total number of grievances resolved within the stipulated time frames, and the average grievance resolution time.