

COOPERATION STRATEGY (CS) 2006–2010 FOR THE OCCUPIED PALESTINIAN TERRITORY (OPT)



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Cooperation Strategy (CS) 2006–2010
for the Occupied Palestinian Territory (OPT)

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1. The Need for a Cooperation Strategy

The OPT¹ is part of a geographical zone where development, humanitarian assistance, refugee issues, conflict resolution, peace-building, regional issues, political and economical concerns are closely interrelated. Development and humanitarian assistance can only succeed in such a context if it is devised and implemented in close cooperation with political activities and interventions seeking to promote peace, respect of international humanitarian law and human rights standard. Without this interaction, development cooperation and humanitarian aid run the risk of serving as an alibi for the lack of political pressure on the part of the international community, and of being perceived by the Palestinians as a manifestation of double standard – donors being generous in their assistance to the victims of conflict, but unable or unwilling to engage politically to deal with the root causes of the present situation in order to make humanitarian assistance superfluous and development cooperation effective in a framework offering a real chance for development and economic growth to take place.

In 2006, SDC presence in the OPT went into its 12th year of existence, continuing its support of diverse bi-lateral and multilateral activities with government and non-governmental actors. It has operated in the field of development cooperation, humanitarian aid in addition to other political and operational interventions. However, since the outbreak of the second Intifada in September

2000, the socio-economic and political contexts have changed to such an extent that it is appropriate for SDC to revisit its development objectives and medium-term priorities of cooperation, whilst also considering its long-term guidelines in this volatile and rapidly changing context. SDC completed the review of its different activities in the OPT aimed at reaching a better coherence strategy in the field of development cooperation that would enable it to maximise its impact and efficiency, while at the same time respecting the framework given by Swiss foreign policy in the region.

The signing of the Oslo Accords in 1993 triggered a concerted effort by the international community to support peace building and the establishment of a viable governmental structure through development efforts. The Federal Council allocated CHF 60 million for five years to start a special programme for Gaza and the West Bank. Consequently, SDC established in 1994 an office and started implementing a cooperation program. It spent an average of CHF 10 million *per annum* for development activities, plus approximately 5 million for humanitarian assistance (CHF 3.5 million for UNRWA programs in the OPT and CHF 1,5 million for ICRC and TDH). Starting in 2001 and as a consequence of the second intifada, SDC has been providing additional emergency assistance to ICRC, WFP, OCHA, UNRWA, UNICEF and TDH with an average of CHF 9 million.

¹ SDC is aligned on the terminology OPT adopted by the United Nations System and the Swiss Ministry of Foreign Affairs. Addendum I lists the abbreviations utilized in the text; readers are kindly invited to consult it.

SDC involvement has been framed hitherto by annual programs, both in development and humanitarian fields. No cooperation strategy was formerly designed as SDC commitment was originally planned for a time-span of five years. However, the overall program was evaluated in 1999. With the uninterrupted presence of SDC since 1994 in the OPT, the need to adopt a CS is obvious, notwithstanding the constant change of the political and security contexts. International assistance continues to be vital to enable the PA to meet its commitments

The CS is harmonized with the Palestine Refugee Programme of SDC Humanitarian Aid² concerning emergency response actions for OPT. Equally, the programme is coordinated with PDII³ and PDIV⁴.

In order to help establish the cooperation strategy for the OPT, SDC has made use of a strategy circle (figure 1). The CS will enable SDC to improve the complementarity of its tools and policies, and set clear priorities, leading to greater impact and efficiency.

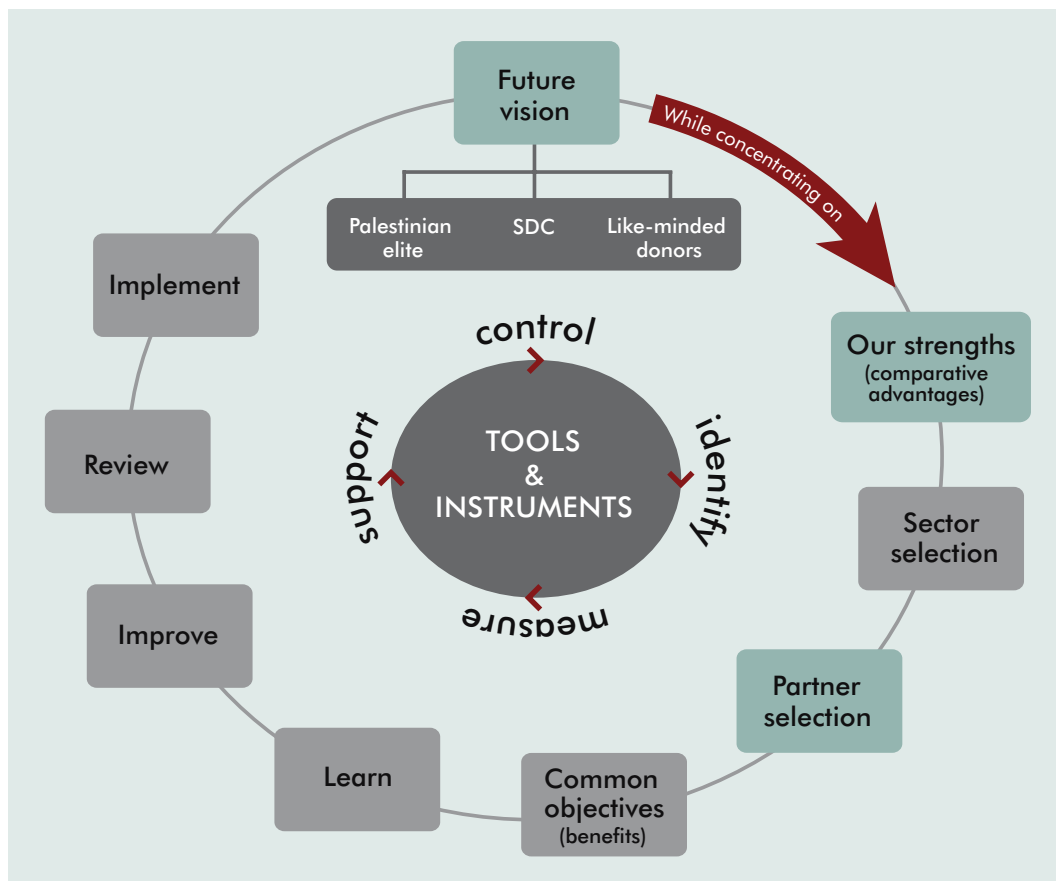


Figure 1: Strategic Circle

2 The Executive Summary is attached for easy reference (Addendum II).

3 On 23.03.2006, MENA initiated and conducted a portfolio risk analysis of the SDC PTO portfolio with DP II, DP IV and H following the sweeping victory of Hamas in January 2006 legislative elections.

4 Strategy is currently under elaboration.



2. The Process

SDC has opted for a participative approach in the realization of the CS. The strategy was also broadly concerted upon with “Like-minded” donors and UN agencies. The main lines were discussed with the Palestinian governmental and non-governmental actors who participated in its design and will be included, in the future, in periodic reviews. The roadmap to finalize the document consists of several steps that are displayed hereafter.

In 2005, SDC organized a series of workshops in order to appraise ideas/proposals pertaining to an initial framework of a CS for the OPT. This initial framework summarized ideas gathered from an initial strategy preparation workshop held on 4/5th October 2004, which was attended by participants⁵ from different levels and units of FDFA, both from headquarters and from the field. Then, representatives of MENA, COPRET met with Palestinian officials and civil society counterparts, like-minded donors, and representatives of the UN family in a series of workshops of about three hours for each group. On 17 February 2005, a one-day “sounding board” workshop was held with selected number of Palestinian governmental and non-governmental participants. In sharing and discussing ideas with its counterparts and by taking into consideration the feedback of those interlocutors, SDC opted to maximize the usefulness of the CS and to optimize the impact of its

program, while at the same time creating a sense of ownership for all the stakeholders involved.

The Medium-Term Concept 2002–2006 of MENA Division established in the framework of the “2001 Swiss foreign policy strategy for the Southern and Eastern Mediterranean basin”, funnelled and inspired the preparation work.

We restate here its vision and overall goal for easy reference:

Vision:

A peaceful development of the region, based on economic prosperity and an environment of good governance, with a belief in an open society, participation of the population and an increasing dialogue with other cultures.

Overall Aim:

The Swiss cooperation helps the developmental efforts of countries and societies in the MENA region with regard to democratisation, participation, reduction of tensions and the improvement in living conditions through supporting their political, economic, social and institutional reform endeavours. In doing so, Swiss cooperation concentrates in particular on poverty reduction, empowerment of the disadvantaged groups and reduction of structural inequalities.

⁵ The group included interlocutors from PA II, PA IV, CAP, Tel Aviv Embassy, Ramallah Representative Office, COPRET and the H Dept. SECO apologized for not participating as they are not presently active in the OPT.

3. The Context

3.1 Political

Following the elections in January 2006 and the formation of the Hamas-led government in April, the overall situation in the OPT has deteriorated further. The diplomatic and financial embargo by the western donor countries against the Hamas-led government continues for the seventh month, with an imminent threat of the collapse of the Palestinian polity if the current situation persists.

The OPT is witnessing its worst ever crisis. The Israeli closure system continues to suffocate Palestinian daily life, continued construction of the separation wall/barrier, complete isolation of East Jerusalem, and continued military incursions into the West Bank and Gaza. Furthermore, internal infighting, chaos, economic despair and the absence of law and order are threatening to bring down the remaining functions of the PA. Public employees have not received their salaries for the seventh month in a row, a general strike affecting public sector services including health and education is entering its 8th week with no resolution in sight. The overwhelming majority of the Palestinian people have lost hope in any positive future prospects. According to recent public opinion surveys, more than 80% suffer from depression and 44% would like to migrate to another country.

Ongoing attempts to find a way out of the current crisis through a national dialogue and formation of a national unity government have all failed. Other options available including the establishment of an emergency government or early elections face even greater risks of internal escalation leading to open infighting. The real risk facing the Palestinian polity is its inability to reach a national consensus or an agreement between the two main factions (Fatah and Hamas) because of external and internal pressures. The absence of such an agreement will render any available option unrealistic and risky.

In a recently published report, the World Bank warns that “the current situation presents the WBG with both short-term challenges and challenges more of a medium-to-long term in nature. In the short run the key problem is that WBG has few, if any, policy tools at its disposal to deal with the volatility and low level of economic activity; and the current fiscal crisis can easily bring down the machinery of government, undoing almost all of the post-Oslo institutional gains.”⁶ The report identifies three scenarios of economic development in the OPT:

- ▶ The possibility that the PA might cease to govern coupled with the escalating closure regime, this represents the worst case;
- ▶ The second envisages the continuation of the closure regime while the international community finds the way to assist the PA’s fiscal adjustment efforts. This represents the continuation scenario and spells a vicious cycle of economic backwardness; and
- ▶ The third positive scenario assumes gradual relaxation of security measures and restoration of normal economic activity with additional measures to improve the public finances and investment climate. The keys to this positive scenario are stable trading relation with the rest of the world, removal of internal barriers to trade, and a financially sound PA capable of providing internal security and business friendly environment.

On the Israeli side, the Lebanon war has weakened the current Israeli government, which is now looking for broader coalitions to strengthen its position. Unilateralism does not seem to be an option anymore after the Lebanon crisis, but no real alternative has emerged.

“The Lebanon war must serve as a wake up call: so long as the political roots of the Arab-Israeli conflict are not addressed, it will remain a bottomless source and pretext for repression, radicalization and bloodletting, both in the region and beyond.”⁷

6 West Bank and Gaza Country Economic Memorandum: Growth in West Bank and Gaza, Opportunities and Constraints, World Bank, September 2006.

7 The Arab-Israeli Conflict: To reach a lasting Peace, the International Crisis Group, Middle East Report No 58, 5 October 2006.





This latest report issued by the International Crisis Group (ICG) emphasizes that with the American and Israeli reluctance to move and the extremely fragile situation, “now is the time” for others – the UN, EU, and Arab World – to step forward with fresh ideas and initiatives.

3.2 Socio-economic

The social and economic prospects in the OPT have been greatly impaired for the past six years, due to the escalation of the conflict, aggressive closure regime, and the construction of the separation wall/barrier. Further deterioration of the economic and social conditions reached unprecedented levels, as a result of the worst fiscal crisis facing the PA following the decision by the Government of Israel and the donor community to withhold funds and impose a financial embargo against the Hamas-led government. This trend has resulted in a drop in individual purchasing power, the rising cost of production and marketing, stricter limitations on exports, and the rise in public debt. This in turn has yielded continued GDP losses, a drop in levels of income, and a drop in the ability of the market to provide job opportunities in the local market. In concrete terms, this has translated into rising levels of unemployment, poverty and negative socio-economic indicators. Unemployment rose during the first quarter of 2006 to 31.1% and employment in Israel remained at a very low level during the same period. The percentage of households in poverty reached 70% in April 2006; and more recently, poverty among PA employees has become much sharper than the general population and points to a worsening trend.

The public sector has suffered the most from the current embargo, with the US\$ 118 million monthly salary bill that has not been paid since April 2006. The public sector employees support almost a third of the total population (1.3 million out of 3.9 million); and if the current situation continues then all components of the economy will collapse. In a recently published report, the World Bank warns that “The current situation presents the WBG with both short term challenges and challenges of more medium-to-long term in nature. In the short run

the key problem is that WBG has few, if any, policy tools at its disposal to deal with the volatility and low level of economic activity; and the current fiscal crisis can easily bring down the machinery of government, undoing almost all of the post-Oslo institutional gains.”⁸

Prior to the current crisis and following the Israeli redeployment from Gaza, the Ministry of Economy in cooperation with the Ministry of Planning, designed a three-year “Strategic Economy Plan” with main four objectives:

1. To develop and increase awareness of economic laws, legislations, policies and international economic agreements;
2. To develop and upgrade the physical infrastructure to support a comprehensive industrial and economic development process;
3. To develop financing, lease and mortgage mechanisms for the Palestinian private sector to access the credit program and funds that support economic activities; and
4. To develop and support Palestinian industries’ comprehensiveness in terms of quality and exporting to external markets. Increase Palestinian products’ market share in the local market through support, promotion, development of human and technical capacities of local producers, and an industrial machinery modernization program to substitute old obsolete machines with new modern machines.

To translate the above objectives into a concrete plan of action, representatives of the public and private sectors constantly agree that there is a need for diplomatic and policy interventions in order for the Palestinian economy to survive:

1. Diplomatic intervention to end the current crisis and pave the way for an end to occupation;
2. A need for direct intervention to improve purchasing power in order to prevent the local economy from collapse;
3. Find alternative and additional markets for Palestinian exports;
4. Encourage investment and support private sector initiatives; and
5. Encourage the financial sector to invest locally and facilitate investment loans.

⁸ West Bank and Gaza Country Economic Memorandum: Growth in West Bank and Gaza, Opportunities and Constraints, World Bank, September 2006.

3.3 Development

- ▶ **Palestinian Authority (PA):** Despite the will of the former Arafat government to establish a state structure, the PA faces a long list of shortfalls, such as setting a clear political direction, addressing the lack of popular support, corruption, and inflated civil service and security forces strength. With the Hamas-led government and the current stand of the international community to sever its contacts with it, the future of the reform process is questioned, but remains important for any future cooperation between the international community, of which SDC is part, and the PA. The constraints of the Oslo peace agreements limited the PA competence over economic policy, resource allocation, foreign policy and security. A number of decisions remained with the government of Israel. Despite these shortfalls, the PA was working on a MTDP to guide its own prioritization and to help donors target their assistance.
- ▶ **Palestinian Civil Society:** Though diversified, the Palestinian civil society has always been anchored in the population and supported by strong public participation. Since 1960, it has provided services in various areas such as education, health, social welfare, research, and human rights. The great potential of NGOs is undermined by absorption capacity, lack of coordination, weak management, corruption and a shift to privatization. The relations between the PA and Palestinian NGOs have been characterised by rivalry for donor funding and popular support.
- ▶ **UNRWA:** is a major service provider in the OPT and across the region. Under donor pressure, it has improved its management in the past years, but further reforms are needed.

3.4 Aid Coordination and Role of Assistance

Aid levels in the OPT have more than doubled since the outbreak of violence in 2000 and reached approximately US\$ 320 per capita/annum in 2005. 40% of the PA budget has been funded by the international community. However, given the lack of progress in the peace process, the massive increase of aid was unable to prevent the deepening poverty. Lastly, UNRWA is equally under constant pressure to meet the needs of its beneficiaries, a challenge which became more acute due to the ongoing crisis, rapid population growth, and a severe funding gap. With Hamas in power, the main donors (USA, EU and World Bank) are reluctant to pursue their financial contribution to the PA budget. Analysis of international aid to the OPT suggests the possibility of a distorted aid and development pattern which has intensified after the escalation of conflict and the switch from development to relief assistance.

Until the beginning of 2006, the largest donors to the PA and the Palestinian population were the Arab States, the EC (with over 500 projects), and the USA, altogether accounting for nearly 70% of external aid disbursements, besides a complex structure of UN agencies. The World Bank runs a relatively small programme, but plays an important role in aid analysis and monitoring as well as in economic planning. Switzerland belongs to the group of small bilateral donors. Led jointly by the UN, the World Bank and Norway, aid coordination mechanisms⁹ have been set up. However, the PA was not given the opportunity to take the lead as per OECD/DAC requirements, despite its determination to assume more responsibility by improving the linkages between humanitarian, emergency, transition, and sustainable development assistance.



4. Achievements, Lessons Learnt, Opportunities and Obstacles

In the brief history of cooperation in the OPT, the SDC approach has evolved from opportunity-based ad-hoc interventions towards a program-based strategy encompassing 3 main pillars: human rights/good governance, income generation/job creation, and humanitarian assistance. The following is a selection of elements covering achievements, lessons learnt, opportunities and obstacles.

4.1 Achievements

- ▶ Ex-Detainees Program aims at socially and economically integrating Palestinians who have served long sentences in Israeli jails. This program succeeded in bringing together the PA, the private sector and Palestinian NGOs in order to provide education, vocational training, family support as well as self-employment loan services, next to auxiliary services like psycho-social counselling and health insurance. This programme was a contribution to peace building through the integration of a marginalized population into the socio-economic development of the “future” country. It has to be noted that the population represented by the ex-detainees is a primarily male population fighting for the existence of Palestine and repeatedly disappointed;
- ▶ The Swiss Federal Statistical Office (SFSO) and SDC jointly supported the PCBS to set up a strong management structure with an internal quality control system;
- ▶ Major input from ARIJ to the policy analysis in the environment sector. Since its establishment twelve years ago, the partner has grown into a Palestinian centre of excellence in the area of agricultural, environmental, water and land-use research and monitoring. ARIJ disseminates its findings at the local, regional and international levels and by providing expertise to the Palestinian Negotiation Teams;

- ▶ The support to the former Ministry of labour and the Ministry of Education has led to the establishment of a vocational and technical training system, which though not completed in the implementation, has become a model in the Arabic world;
- ▶ The Cooperation Office in conjunction with NONA, MUSA and the Office in Amman has helped to reconstruct/restore UNRWA partnership¹⁰ between donors and host countries; and
- ▶ Aid harmonization and coordination with like-minded donors has culminated in projects such as “the Human Rights Secretariat”. DAN-IDA, SIDA, SDC and Austria created this entity first to shift from a project-funding approach to a programme funding, and secondly to support NGOs working in human rights and good governance. Under the leadership of a steering committee representing the donors, the Secretariat has started to prepare and implement joint mappings of the sector and sub-sectors, including relevant policy analysis, for the selection of grantees.

4.2 Lessons Learnt

- ▶ In a highly volatile context, SDC assistance has been characterised by flexibility in its response to a changing environment. This element was appreciated by most partners and will continue to be the landmark of our involvement in the future, as the political and security situation is expected to remain unstable;
- ▶ The SDC program was originally conceived to be one of the tools of Swiss Foreign Policy in promoting the peace building process, hence, coordination with the Political Divisions II & IV has been essential. Following the sweeping victory of Hamas in the legislative elections 2006, this collaboration is to be reinforced;

¹⁰ Ref. UNRWA Geneva Conference June 2004;
<http://www.un.org/unrwa/genevaconference/select.html>

- ▶ To preserve its previous achievements and to continue to play a role on the development scene in the OPT, SDC has to keep a financial “*masse critique*”, to ensure its participation in various international coordination mechanisms and to maximize its impact; and
- ▶ Donors have to increasingly work together to harmonize their assistance and reduce any risk of mismanagement of funds.

4.3 Opportunities and Obstacles

- ▶ **Opportunities:** Presidential, legislative and municipal elections were assessed to be free and fair by the international community. Our partners remain motivated to implement their

objectives in order to build a democratic state. In addition, a young Palestinian leadership, determined to end authoritarian and corrupt practices, is emerging.

- ▶ **Obstacles:** The Rule of Law in the OPT is fragile and thwarted daily. Israel continues to neglect its obligations towards IHL by holding a tight closure regime over the OPT that counters any efforts for economic recovery. The reactions of the international community to a Hamas-led government are ambiguous. In addition, the internal conflicts between Hamas and PLO on power-sharing hinder the rehabilitation of the Palestinian economy and threaten peaceful cohabitation.



5. Strategic Orientation

The CS 2006–2010 is guided by four main principles:

1. From crisis management to peace-building;
2. From emergency support to sustainable development;
3. A commitment to state building; and
4. Aid harmonization.

These overriding principles are intertwined. The programme is based on a contiguum approach, taking into account the objectives and activities of the Humanitarian Aid Department of SDC and of the Political Divisions of FDFA (e.g. the Geneva Initiative, the Jerusalem Foundation School, elections). The cooperation modalities between SDC and other Swiss stakeholders are in place. Considering the Palestinian context, good governance is a chief topic of this CS and is a cross-cutting issue. Gender is a transversal theme of every SDC program and is strictly observed in all aspects regarding programs, activities, selection of partners and staffing.

Objective I: Enhance Prospects for Peace

Purposes

Respect of Human rights improved: Population knows its rights and duties; Civil society organizations, in close coordination with governmental bodies, provide legal aid, raise awareness of human, economic, social & cultural rights, and promote a culture of peace and tolerance among the local community; and

Networking and capacity building with focus on youth and women; SDC works with organizations having programmatic approaches and integrity of management.

Priority areas and Partners

Respect for the rule of law, good governance & human rights and guarantee the implementation of humanitarian law: the NGO Secretariat – acting on behalf of and under the steering of the donors including SDC – will cater to actual partners in this domain and will assist them in monitoring the evolution of human rights & good governance and in advocating greater respect for human rights. Al-Mizan which is working for the promotion, protection and prevention of human rights in the Gaza Strip will be transferred to the Human Rights Secretariat. PICCR which has an ombudsman function will continue with no change.

Objective II: Improve Living Conditions

Purposes

Psycho-social wellbeing of vulnerable population is promoted by enabling Palestinians to have access to qualified basic services existing; Sustainable employment generation and opportunities are improved and are open to community members; and Humanitarian and technical assistance will be pursued in parallel for the most vulnerable groups of the Palestinian community, in order to respond to probable deterioration in living conditions of both the refugees and the Palestinian population.

Priority areas and Partners

Support for income and employment generating activities: SDC continues to work in close coordination with the Ministry of Planning, and the Welfare Association¹¹ to implement a quick impact employment program. Based on former experience with the Ministry of Labor on one hand, and

¹¹ Welfare Association (WA) has strong links with the private sector through its board members and through their expertise in this area of work, that can play a constructive role in this venture. WA is a Swiss-registered non-profit private association established in 1983 to promote self-reliance and development in Palestinian civil society. In addition to its grant-making and relief and humanitarian aid disbursement operations, WA also manages semi-autonomous, externally funded programs. In 1994, it established the Old City of Jerusalem Revitalization Program (OCJRP), supported by the Arab Fund and other donors. In 1997, it was awarded a contract by the World Bank to manage the Palestinian NGO Project for NGO capacity building and sector support, and development granting programs for services benefiting the poor. This Project in its 1st Phase (1997–2001) disbursed more than US\$ 15 000 000 million and in the 2nd Phase (2001–2006) will have disbursed more than US\$ 20 000 000 by the time of completion. WA has acquired extensive experience in grant-disbursement, project assessment, technical evaluation, feasibility studies, budget review, monitoring & evaluating process, and beneficiary assessment. In addition to disbursing its own funds raised from members' contributions, WA manages considerable external resources, as both project implementer and fund manager. It is able to make available a wide range of project and administrative staff to support administrative, technical and financial management of projects funded by external donors. Its total disbursement since 1983 is approximately US\$ 200 000 000 toward Palestinian development.

with private enterprises on the other, the programme of ex-detainees aims at integrating released prisoners into active professional life. SDC will strive to develop more sustainable interventions of this nature; and

Humanitarian and technical assistance: for the most vulnerable and marginalized groups of the Palestinian community which have been unable to regain their footing.

Partnership with the Palestinian Private Sector

A partnership with the Palestinian Private Sector is envisaged through the implementation of a program that aims at creating immediate short-term employment and training opportunities for youth through forging relations and enhancing the interfacing between the private sector (businesses and industries) on one hand, and the education/training system on the other. The placement of graduates through an internship program at local, regional, and international businesses and industries is a pioneering way of creating immediate employment and transferring earned income to young Palestinians, thus giving them hope, competencies, and linkages for future long-term employability. This partnership will allow Palestinian businesses and industries to fulfil their social responsibilities, particularly towards youth, and to promote their active involvement in human resource development in the OPT. It will also allow businesses to better structure, deliver, and monitor apprenticeship and internship programs at their institutions. In addition, it might also expose them to similar experiences of other businesses that have a good track record in this field, as well as give them the opportunity to work with education and training institutions whether universities, colleges, or vocational training institutions.

Creation of Short-Term Job Opportunities

Part of our current partnership with WA provides funds for job creation through construction and rehabilitation both of premises belonging to NGOs and of public facilities. These short-term job opportunities might be relevant to the situation in Gaza

in the absence of stable conditions for long-term economic development.

Objective III: Promote Viable and Sustainable Institutions

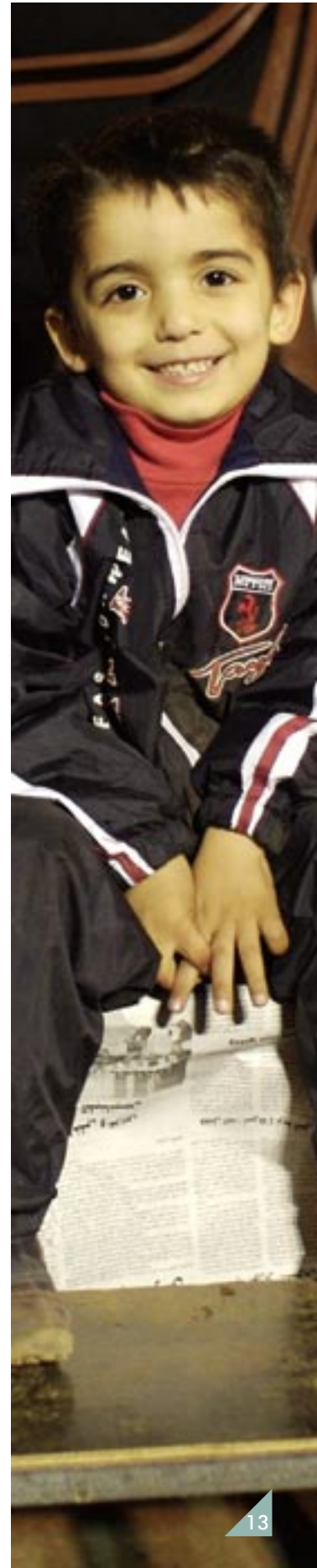
Purposes

SDC is engaged with like-minded donors and local partners in capacity development of Palestinian stakeholders, working closely with other donors within consortia. Setting up minimum standards of performance and minimal reporting schemes will ensure that our partners are working in complementarities and are responsible for the implementation of their programs.

Priority areas and Partners

As long as a relationship of confidence and trust has not been built with Hamas "government", SDC will continue to focus on partners of the civil society with good track records in good governance, gender sensitivity, and management. SDC will continue to encourage their capacity building, board and staff development, monitoring and controlling capacity. The development of well-structured strategic plans as a means to ensure the sustainability of activities and the effective/efficient use of resources constitutes selection criteria.

A key factor in the implementation of this CS will be to build on past achievements, benefit from lessons learnt and enhance coherence of the programme in order to maximise its impact and efficiency. Since the establishment of the programme, SDC has gained positive and rich experience in partnerships with ministries (Ministry of Planning, Ministry of Labour, Ministry of Education, Ministry of Culture, Ministry of Ex-Detainees and Detainees Affairs), as well as with local NGOs managed by Palestinian professionals.



6. Implementation Means

The Cooperation Office based in East-Jerusalem is staffed by 3 expatriates (head of office, deputy head of office and head of finance & administration), 2 NPOs, and 3 support staff. The continuous closures of the Gaza Strip lead us to review the effectiveness of our structure and to post a third NPO in Gaza.

The Humanitarian Aid Program will continue to represent a complementary element as best prac-

tice suggests for “aid in conflict” which will further foster aid harmonization and coordination in order to avert further or swift deterioration of social and economic indicators. The choice of strategic partners will not be expanded, and reform of UNRWA & humanitarian coordination will remain main topics to follow. Programmes will be reviewed commonly as practised in 2005, and planning will also be done in close cooperation with various SDC stakeholders.

7. Financial Resources

Addendum II displays the tentative allocation of funds for the coming years. The annual resources from MENA and NONA in the OPT are CHF 10 million and CHF 11 million, respectively.



8. Monitoring

The proposed strategy has a validity of 5 years, but due to the fragile political environment and potential major changes, an external review is planned for 2008. MERV, in a slightly modified form, information and reports produced by various stakeholders such as PCBS, UNDP, UNRWA, OCHA, NGOs, the media, and regular meetings

with the Embassy and Representation Office continue to be important tools to monitor the context. The Cooperation Office will continue to participate actively in like-minded groups as well as in the LACC, and exchange information with the relevant PA institutions and partners of civil society.

9. Exit Strategy

This strategy has been prepared in the current difficult context and applies in case the socio-economic and political conditions remain volatile, deteriorate or improve. In the worst case scenario, SDC will pursue the implementation of its cooperation strategy as long as the conditions allow.

Switching fully to humanitarian aid would jeopardize the efforts of the International Community and the Palestinian Stakeholders threatening the post-Oslo institutional achievements, and would greatly undermining the PA by sending a wrong message to the Palestinian population who remain committed to peace and to the “two state” solution.



Addendum I

List of Acronyms

ARIJ	Applied Research Institute Jerusalem
COPRET	Conflict Prevention and Transformation Division at SDC
E	SDC Bi-lateral Cooperation Department
EU	European Union
FDFA	Federal Department of Foreign Affairs
H	SDC Humanitarian Aid Department
HAMAS	Islamic Resistance Movement
IBRD	International Bank for Reconstruction and Development
ICRC	International Committee of the Red Cross
IHL	International Humanitarian Law
GDP	Gross Domestic Product
LAW	The Palestinian Society for the Protection of Human Rights and Environment
LACC	Local Aid Coordination Committee
MENA	Middle East & North Africa Division at SDC Development Cooperation Department
MTDP	Medium-Term Development Plan
MUSA	Multilateral and Special Assignments Division at SDC Humanitarian Aid Department
CS	Cooperation Strategy
NGO	Non-Governmental Organization
NONA	Middle East & North Africa Division at SDC Humanitarian Aid Department
NPO	National Programme Officer
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
OPT	Occupied Palestinian Territory
PA	Palestinian Authority
PDII	Political Division II
PD IV	Political Division IV
PCBS	Palestinian Central Bureau of Statistics
SDC	Swiss Agency for Development & Cooperation
UNDP	United Nations Development Programme
UNICEF	United Nations Children Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
US	United States of America
TDH	Terre des Hommes – Lausanne
WFP	United Nations World Food Programme

Addendum II

Summary of PALREF

This document presents the strategic framework and priorities for SDC's Programme in favour of Palestine Refugees for 2006–2008. Its scope does not include the Agency's Emergency Programme for the Occupied Palestinian Territory (OPT), which is subject to a shorter-term cycle of review and planning.

Target groups and context

SDC's target groups are Palestine refugees living in the Occupied Palestinian Territory and in Jordan, Lebanon and Syria, including 4.2 million UNRWA-registered refugees and the most needy among other groups not eligible for UNRWA services. Humanitarian needs vary substantially across the region, but insufficient and substandard services in certain areas mean that many refugees' basic requirements for food, housing, health care and education are not adequately met. The most vulnerable, especially women and children, may lack the specific assistance they need.

Strategic directions

SDC's overall goal for 2006–2008 is to contribute, with others, to an improved quality of life for Palestine refugees. It will focus on two desired outcomes: (1) refugees' access to good-quality services to meet basic needs and (2) reduced disparities between refugee groups and between refugees and host-country citizens.

Strategy implementation will build on the SDC's comparative advantage and past experience, with emphasis on follow-up to the 2004 Geneva Conference ("Meeting the humanitarian needs of the Palestine refugees in the Near East: building partnerships in support of UNRWA"). SDC will also encourage greater refugee participation and representation in the design and implementation of programmes and projects.

SDC will pursue these objectives through its partners by means of funding, dialogue and provision of technical assistance and by working in close cooperation with the different stakeholders, donors, host countries and others. UNRWA will remain SDC's primary multilateral partner, but it will also engage in bilateral activities, especially with host authorities and non-governmental organizations.

Priorities 2006–2008

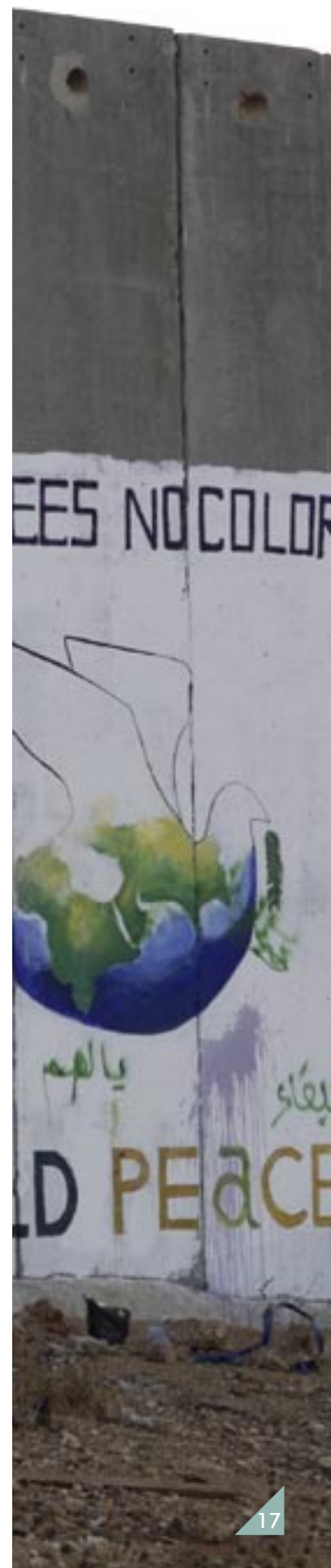
Specific activities will be annually planned in two areas:

- support for individual partners, both direct (through funding of service delivery and advocacy activities) and indirect (by promoting partners' organizational development and capacity building); and
- facilitation of dialogue and coordination among stakeholders.

SDC's main emphasis (65–75% of an annual budget of about 11 million Swiss francs) will continue to be disbursed on service delivery by UNRWA, through regular contributions to UNRWA's General Fund. Support is also envisaged for governmental organizations (e.g. host authority's refugee departments) whose reach extends to refugees not entitled to UNRWA services. By cooperating with non-governmental organizations and other partners (e.g. research and academic institutions), SDC will work to promote more coherent advocacy for refugees in all relevant fora, including a stronger voice for refugees in Lebanon. It will continue to support UNRWA reform, especially through reinvigorated stakeholder relations and more effective and open governance, and promote enhanced capacity in host authority refugee departments. SDC will also actively foster intensified dialogue on humanitarian issues and better coordination among donors, multi- and bilateral partners and host authorities to raise the efficiency of aid delivery and facilitate task sharing.

Programme management

Responsibility for the Programme lies with SDC's Department of Humanitarian Aid Divisions NONA (North Africa and Middle East) and MUSA (Multilateral and Special Tasks). In the field, operational responsibility is shared between the Swiss Cooperation Offices in Jerusalem and Amman. Additional activities are undertaken in Switzerland (HQ HA in Bern and Missions in Geneva and New York), including cooperation and dialogue with partners in the Geneva-based humanitarian community. Programme management is coordinated with the closely linked Emergency Programme, with SDC's Department of Bilateral Development Cooperation (MENA) and with other relevant Swiss Government departments.



Addendum III

Financial Projection 2006–2010¹²

Domain "E" (Based on existing Programme)	2006	2007	2008	2009	2010
Social Development	3 874 000	4 199 000	4 329 000	4 550 000	4 550 000
Human Rights/ Good Governance	1 989 000		2 015 000	2 015 000	2 015 000
Environment	786 890	674 700	455 000	455 000	455 000
Education, Training and Research	1 615 670	1 235 000	1 235 000	1 300 000	1 300 000
Cross Cutting Program	2 095 000	1 930 000	1 930 000	1 930 000	1 930 000
Total	10 360 560	10 196 700	9 964 000	10 250 000	10 250 000

Domain "H"	2006	2007	2008	2009	2010
Total	10 987 500	10 987 500	10 987 500	10 987 500	10 987 500

DP IV	2006	2007	2008	2009	2010
Total	5 000 000	5 000 000	5 000 000	5 000 000	5 000 000

¹² Excerpt from Financial Planning Document 3A attached to the Annual Program OPT 2006.

Addendum IV

The OPT – Figures at a Glance

Human Development Indicators 2003 (Latest available)



Occupied Palestinian Territory
HDI Rank: 98

1. Human Development Index	
Life expectancy at birth (years), 2001	72.1
Adult literacy rate (% age 15 and above), 2001 ¹³	89.2
Combined primary, secondary and tertiary gross enrolment ratio (%), 2000/01 ¹⁴	77
GDP per capita (PPP US\$), 2001 ¹⁵	n.a.
Life expectancy index, 2001	0.79
Education index, 2001	0.85
GDP index, 2001	0.56
Human development index (HDI) value, 2001	0.731
GDP per capita (PPP US\$) rank minus HDI rank	19

2. Human Development Index Trend	
Human Development Index, 1975	n.a.
Human Development Index, 1980	n.a.
Human Development Index, 1985	n.a.
Human Development Index, 1990	n.a.
Human Development Index, 1995	n.a.
Human Development Index, 2001	0.731

Source UNDP

¹³ Birzeit University. 2002. Palestine Human Development Report 2002. Ramallah, Occupied Palestinian Territory.

¹⁴ Data refer to a year other than that specified.

¹⁵ In the absence of an estimate of GDP per capita (PPP US\$), the Human Development Report Office estimate of \$2,788, derived using the value of GDP in US dollars and the weighted average ratio of PPP US dollars to US dollars in the Arab States, was used.



Addendum VI

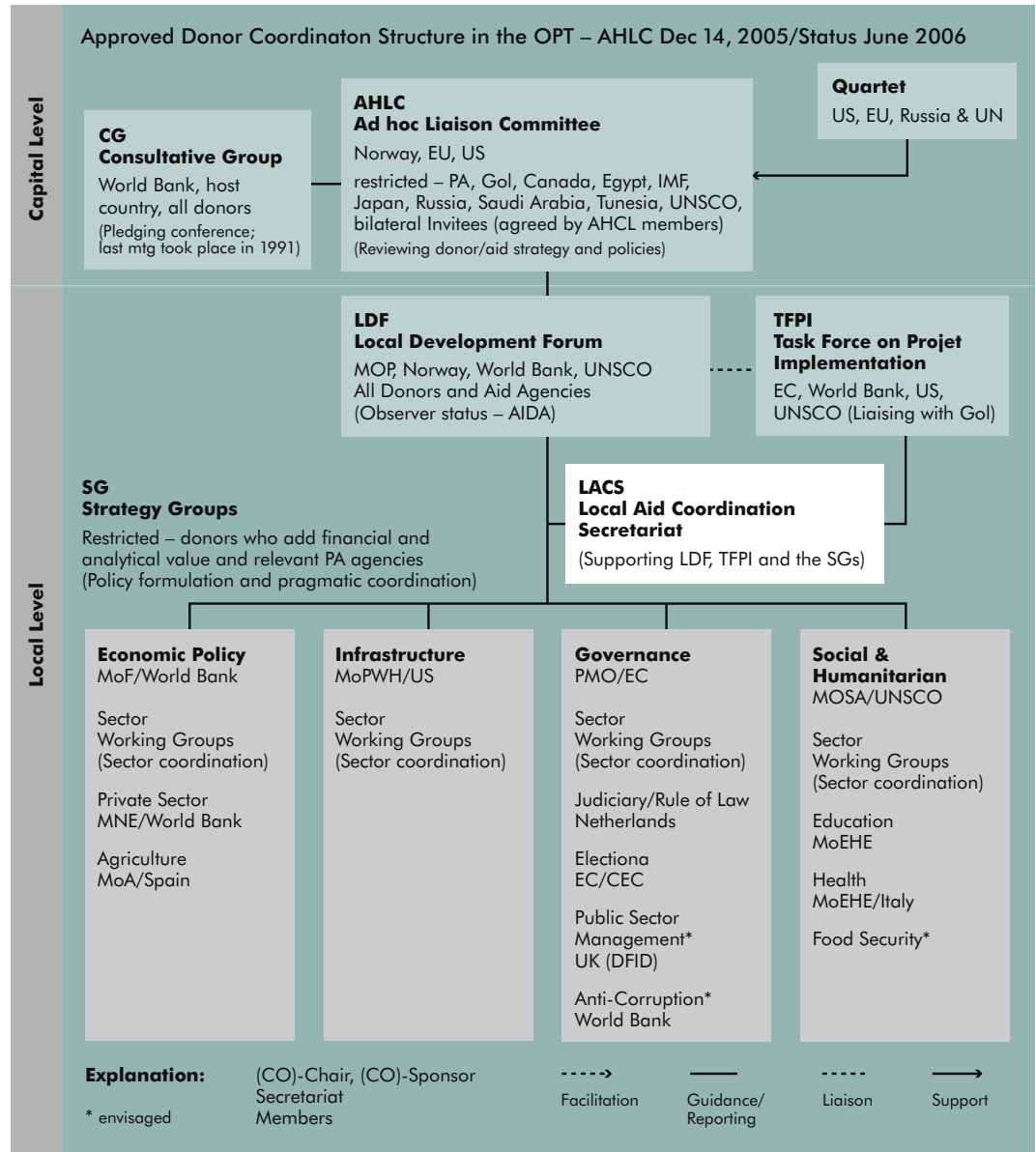
Brief Presentation of Other Donors Strategies

Agency	Objective I	Objective II	Objective III	Objective IV
2004–2006 	Prospects for Peace, Enhances	More effective, accountable and inclusive Palestinian institutions and governance systems	Humanitarian and Development Assistance delivered more effectively	
2004–2006 	To promote a resumption of peace negotiations	To mitigate the effects of the ongoing conflicts	To promote increased respect for human rights	To support the establishment of public services of longer-term value
	Dutch aid is increasingly focused on good management, human rights and peace-building. Long before the subject was placed on the international political agenda, the Netherlands acted as a catalyst in the discussion on reforms. It has been a key player in the field of the rule of law, an important part of the political and administrative reform agenda.			



Addendum VII

Donor Coordination Structure



Addendum VIII

Aid Management Structure

