



Evaluation of the European Union's Cooperation with the occupied Palestinian territory and support to the Palestinian people

**Final Report
Volume 1
July 2014**

*Evaluation carried out on behalf of
the European Commission*



Development
Researchers'
Network



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Contract No 2012/307554 Version 1

**This evaluation was commissioned by
the Evaluation Unit of the
Directorate General for Development and Cooperation –
EuropeAid (European Commission)**

***The opinions expressed in this document represent the authors' points of view
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ACRONYMS

AHLC	Ad Hoc Liaison Committee
AMC	Aid Management and Coordination Directorate
API	Arab Peace Initiative
CLE	Country Level Evaluation
COGAT	Coordination of Government Activities in the Territories
CPD	Civil Police and Defence
CSO	Civil Society Organization
CSP	Support for Civil Servants and Pensioners
CSP	Country Strategy Paper
CTP	Cash Transfer Programme
DCI	Development Cooperation Instrument
DFS	Direct Financial Support
EC	European Commission
ECHO	European Community Humanitarian Office
EEAS	European External Action Service
EIB	European Investment Bank
EIDHR	European Instrument for Democracy & Human Rights
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood Partnership Instrument
EQ	Evaluation Question
EU	European Union
EUPOL-COPPS	EU Coordinating Office for Palestinian Police Support
EUREP	Office of the EU Representative or EU Delegation
EXACT	Executive Action Team
FAO	Food and Agriculture Organization of the United Nations
FIP	Field Implementation Plans
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
GNDI	Gross National Disposable Income
GOI	Government of Israel
GS	Gaza Strip
GSG	Governance Strategy Group
HIP	Headquarter Implementation Plan
HoS	Head of Sector
HR	Human Rights
IfS	Instrument for Stability
IL	Intervention Logic
JC	Judgment Criteria
JWC	Joint Water Committee
IMF	International Monetary Fund
IWRM	Integrated Water Resources Management
LACS	Local Aid Coordination Secretariat
LDS	Local Development Strategy
MENA	Middle East and North Africa
MEPP	Middle East Peace Process
MDG	Millennium Development Goal
NDP	National Development Plan
MoF	Ministry of Finance
MoEHE	Ministry of Education and Higher Education
MoNE	Ministry of National Economy

MoSA	Ministry of Social Affairs
MS	Member State
MoPAD	Ministry of Planning and Administrative Development
NDP	National Development Plan
NGO	Non-governmental organizations
NIP	National Indicative Programme
MSW	Municipal Solid Waste
MTS	Mid-term Strategy
OCHA	Office for the Coordination of Humanitarian Affairs
OECD	Organization for Economic Co-operation and Development
OPT	Occupied Palestinian Territories
PA	Palestinian Authority
PCBS	Palestinian Central Bureau of Statistics
PECDAR	Palestinian Economic Council for Development & Reconstruction
PEGASE	Mécanisme Palestino-Européen de Gestion et d'Aide Socio-Economique
PLC	Palestine National Legislative Council
PLO	Palestinian Liberation Organization
PM	Prime Minister
PMA	Palestine Monetary Authority
PSD	Private Sector Development
PRDP	Palestinian Reform and Development Plan
PSRG	Private Sector Arrears and Reconstruction in Gaza
PP	Paris Protocol
PWA	Palestinian Water Authority
QSQT	Quality Systems for Quality Teachers
ROM	Result Oriented Monitoring
SDSG	Social Development Strategy Group
SEPS	Support for Essential Services
SSF	Single Support Framework
TIM	Temporary International Mechanism
TVET	Technical and Vocational Education and Training
UN	United Nations
UNDP	United national Development Programme
UNRWA	United Nations Relief and Works Agency
UNSCO	United Nations Special Coordinator for the Middle East Peace Process
VPF	Support for Vulnerable Palestinian Families
WB	West Bank
WGWR	Working Group on Water Resources
WFP	World Food Programme

MAP



Source: OCHA 2012

EXECUTIVE SUMMARY

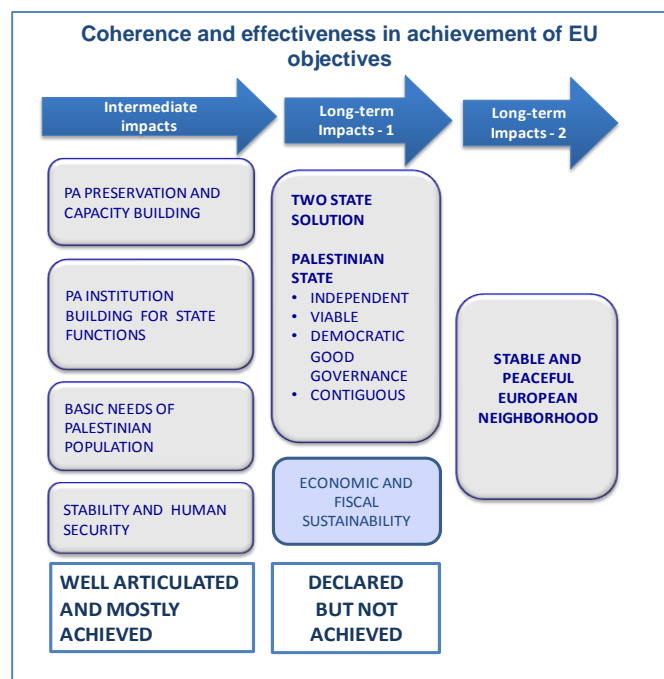
This Executive Summary is divided into two parts. Part I summarizes the Evaluation's overall themes and main findings, conclusions and recommendations. Detailed conclusions and recommendations are presented in Chapter 3. Part II summarizes the findings and conclusions for the Evaluation's specific areas of focus, with greater detail and supporting evidence in Chapter 2.

PART I

FINDINGS

A Long-term Effort with Significant Positive Results For more than twenty years the EU has been a strong supporter of the Palestinians and their quest for self-determination. To underpin its support the EU has consistently pursued an ambitious, norm-based vision for resolution of the Israeli-Palestinian conflict – the “Two-State solution” including a democratic, viable and contiguous State of Palestine. EU declarations at the highest level have specified and condemned persistent obstacles to realization of its objectives including prolonged occupation, settlements, and Palestinian fragmentation.

The EU's explicit political goals have been underpinned by a generous flow of EU aid – amounting to € 2,5 billion between 2008 and 2013 (see Chapter 1 for more details). There is a broad consensus, including a consensus among Palestinian actors, that the EU has achieved much - sustaining welfare for Palestinians, preventing fiscal and economic collapse, compensating for occupation losses, fostering stability and security, and building up capacity, while at the same time preserving functioning PA institutions capable of assuming the responsibilities of statehood in the event of a settlement of the disputes with Israel.



Lack of achievement of the EU's Overarching Objectives or of Sustainability despite this effort Notwithstanding ardent declaratory policies, massive financial support, dialogue and deployment of other instruments, EU Cooperation had little demonstrable impact on the main obstacles to achieving the Two-State solution. The Evaluation collected abundant evidence that the goals of the EU have been seriously hampered by “*binding constraints*,” the most significant being the Israeli restrictions in relation to occupation and allocation of resources for settlements, but also including Palestinian political divisions and an absence of democratic process. While these binding constraints have been highlighted in EU statements, the evaluation findings indicate that the EU has been neither willing nor able to address these constraints squarely, with an effective political response. While Member States have reached consensus on the Council Conclusions' declaratory policies, they refrained from taking further practical steps, avoiding confrontational or adversarial measures with Israel and to a lesser extent with the PA.

As detailed in Chapter I, over the twenty years since the Oslo Agreements, a persistent pattern of decreasing access to resources and increasing movement restrictions has led to overall economic decline accompanied by increasing, and now entrenched, dependency on donors. This pattern suggests ever-diminishing prospects for the EU goals of Palestinian economic and fiscal viability and geographic contiguity. Extraordinary measures supporting recurrent Palestinian expenditures and

service delivery, deemed “temporary” in 2007, have become a permanent feature of the Palestinian landscape, with unlikely sustainability and no clear exit strategy.

Absence of Effective Triangulation of Cooperation Efforts In this unique context, assessing the impact of Cooperation efforts cannot avoid taking into account the wide range of obstacles that fundamentally affect the outcomes and sustainability of EU Cooperation and support. This implies consideration of how the EU addresses these obstacles through its partnership not only with Palestine, but also with Israel. Over the Evaluation period there has been little strategic, systematic and sustained results-oriented dialogue with Israel at high level, linking the Cooperation’s effectiveness directly to Israeli actions. The lack of a complementary and effective political track involving Israel - which this Evaluation refers to as “triangulation” - has limited the Cooperation’s sustainable impact in achievement of the EU’s overarching goals (see Chapter 2, Evaluation Questions 1 and 2).

Outcomes Increasingly inconsistent with EU Norms By 2014 this exceptional situation of resource and rights deprivations, economic decline, donor dependency, absence of democratic process, and political fragmentation, has come to undermine EU principles and credibility in respect of democratic good governance, and threatens the State-building accomplishments of the past twenty years. (See Chapter 2, Evaluation Questions 1, 2 and 6).

Limitations in Implementation In addition, despite the efforts of a highly-committed EU Delegation, particularly their efforts since 2012 to achieve better donor harmonization and more effective results, the Cooperation programmes (bereft as they were of coherent political EU support for addressing binding constraints) were also confronted with *major limitations*, including (i) lack of a coherent strategy to link the different instruments deployed for better outcomes; (ii) a deficit of adequate tools and human resources for performance-based programming, implementation, monitoring and evaluation, thus hindering a results-based dialogue with the PA and Israel; and (iii) a deficit of accountability mechanisms in relation to the Palestinian people in all dimensions of the Cooperation (see Chapter 2, Evaluation Questions 3-9).

CONCLUSIONS

All this leads to a quite *sobering overall picture*. On the one hand the Evaluation findings suggest that there have been important accomplishments. The EU can legitimately claim to be the most reliable partner of the PA, and the largest contributor to Palestinian welfare. All these efforts contribute to the broad ENP goal of stability, at least in the short term.

Yet little was done to remove the most significant obstacles to sustainable Cooperation outcomes and achievement of a viable, democratic and contiguous Two-State solution, particularly Israeli occupation and settlement policies and the political division of the West Bank and Gaza. In the absence of effective measures to address these obstacles, the EU is unlikely to achieve its goal of a Two-State solution. Moreover prolonged failure to achieve the Two-State solution, combined with unsustainability of service delivery at current levels of support, jeopardizes the ENP goal of stability.

In addition the lack of a democratic process has left Palestinians with virtually no mechanism for holding the PA accountable for resource allocation and management. Over time, as the Cooperation continues to support public service delivery through the PA, it also facilitates a governance system without mechanisms for accountability to the Palestinian population – a pattern increasingly counterproductive in respect of the EU’s good governance norms.

Finally, Cooperation effectiveness is hampered by limitations in implementation, particularly a lack of results-based programming and monitoring within and across Cooperation programmes, but also by missed opportunities to forge stronger alliances with regional actors, Civil Society and UNRWA.

Thus there is a widespread view (among both Palestinian and EU stakeholders) that *the current Cooperation paradigm has reached its limits in the absence of a parallel political track* that addresses the binding constraints *and more effective implementation measures*. Continuing the 2008-2013 pattern would reduce EU Cooperation efforts to a Sisyphean task, relegating the EU's role to a "payer rather than a player".

Chapter 3 presents a detailed summary of the Evaluation Conclusions based on the findings from the Evaluation Questions coupled with an analysis of the present context and discussions with Palestinians, Member States, EU staff in Palestine and Brussels, and UNRWA staff in Palestine, Jordan and Brussels.

RECOMMENDATIONS

The Green Field Approach. Whatever the relevance and effectiveness of EU Cooperation in the past, by 2014 the Conclusions presented above justify consideration of a profound shift in the Cooperation's strategic approach. From 2012 a number of initiatives were taken to reshape the Cooperation in order to achieve better results. However these measures still lack the structural support necessary for ensuring coherence and success, including a comprehensive strategy (political and operational) lodged in a clear authorizing environment (within the EU, but also including Israel and Palestine) and the necessary resources for effective and efficient implementation.

Consequently the evaluation team's overarching Recommendation to the EU is to commence a "greenfield approach" to its overall Cooperation with Palestine. The evaluation team sees this as the necessary first step – a holistic fresh overview not bound by past assumptions. A greenfield approach invites the EU to step back, face squarely the structural limitations of current approaches, and on that basis design a more interconnected and coherent Cooperation framework – a solid architecture for going forward, a design better suited to the context, EU norms and effective implementation. The exercise, initiated at a high level, would not be limited to *ad hoc* measures or to simply augmenting or automatically repeating existing modalities, but would rather entail a complete Cooperation review, open to possible substantial restructuring, taking full advantage of the Lisbon Treaty and the Agenda for Change.

Realistically, any abrupt disruption of support for health care and education workers and for refugees' welfare is probably untenable. But this consideration should not prevent a thorough review and recalibration of the Cooperation based on the findings, conclusions and lessons learned from the past six years. This review would include not only the political and operational strategies but also the Cooperation's human and financial resources and operational modalities in the interests of greater impact and avoidance of further erosion of gains. It would seek to adopt an encompassing approach to the Cooperation including aid-supported results-based policy reforms linked to focused EU leverage at political level, including triangulation. The greenfield approach will be compelling however current political initiatives turn out, as a fresh approach is essential in any case.

The approach assumes that EU principles and goals, as stated in the series of Council Conclusions (2009-2013), will continue. It would also take into account changes in the context, including those resulting from the current initiatives underway, and would presuppose sufficient stability to continue a high level of Cooperation efforts. Essentially the review would inform multi-annual programming, linking the Joint Action Plan with the PA to the new ENP Instrument. The greenfield approach would consider a Cooperation risk/success equation, factoring in the prospects for likely ownership by both the PA and Israel, and for overall support from the MS.

A greenfield approach would begin with two threshold scenarios:

- 1) The first is based on the assumption that political conditions within the EU and its Member States in relation to Palestine and Israel will shift in such a way that internal EU structural impediments to a more coherent EU approach can be mitigated. This would create space for

the EU to address the binding constraints seriously and engage Israel and Palestine in the triangular dialogue essential to achieve a viable, democratic, sustainable and contiguous Palestinian State. This scenario would be most favourable for a reinvigorated, coherent and effective Cooperation. It would also have a more significant impact on the recommendations below regarding results-orientation, performance monitoring and realignment of resources.

- 2) A second and less unlikely scenario rests on the basis that there will not be a significant change in the overall political approach to Palestine and Israel by the EU/MS. In that case, the focus would be on a more realistic and coherent strategy with operational improvements designed for achievement of short- and medium-term goals consistent with EU norms.

In either of the two scenarios above, the operational recommendations, discussed in greater detail in Chapter 3, centre on adopting a more results-focused orientation through the following:

- designing and implementing a Results Measurement System and a Reporting for Management Programme;
- building a results culture through systematic results frameworks at both strategic and programme design stages;
- supporting Palestinian (PA as well as UNRWA and Civil Society Organizations) capacities to participate in design and implementation of results-based approaches, for instance statistical capacities for monitoring and evaluation, working with regional communities of practice (sector- or function-oriented) for information exchange as well as oversight functions relating to results; *and*
- using geo-mapping and other mechanisms to enhance social accountability.

The Evaluation stresses that the second scenario above is not a means of fully resolving the Evaluation's conclusions on political coherence or of reconciling EU practice with its declared policy goals. However, combined with the operational recommendations, it would address those conclusions relating to the internal coherence of the Cooperation; the tools and resources necessary for greater coherence and complementarities; and the conclusions relating to establishing greater accountability for democratic good governance. Nevertheless, while these measures would be an improvement, they would - for want of political will - remain a palliative since fundamental structural problems and binding constraints may not be addressed.

Detailed recommendations addressing the four clusters of Evaluation Questions, summarized below and discussed in detail in Chapter 2, would follow the threshold considerations noted above. These recommendations are detailed in Chapter 3.

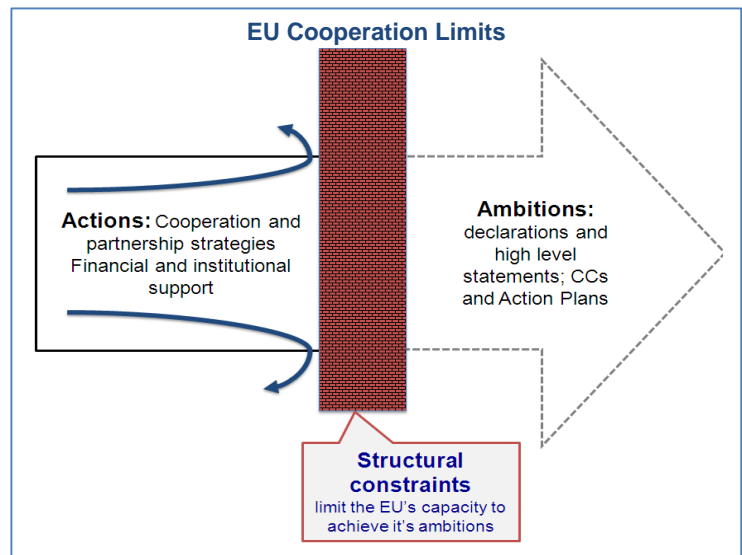
PART II

EVALUATION FOCUS

1) EU Coherence

The EU Cooperation lacked measures for political coherence in a number of critical areas:

- There was a disconnect or incoherence between declared policies and the practice needed to achieve them. In particular, the EU stopped short of bringing to bear *effective tools to address the binding constraints* on achievement of its main policy objectives.
- There was a *lack of results-orientation and accountability mechanisms* across the elements of Cooperation implementation, which over time became counterproductive to the EU goals of advancing Palestinian viability and democratic good governance, depleting the EU's normative credibility and contributing to the PA's institutional erosion.
- There was avoidance of strategic and operational actions, taking into account the fact that the Cooperation's outcomes depended not only on the partnership with the PA but also on close cooperation and coordination with Israel. The EU has not successfully exercised *leadership for strategic and systematic triangulation* of a results-based dialogue with Israel and the Palestinians.
- Fully-coherent Cooperation was *hampered by a number of structural issues*, in particular an absence of consensus among the MS to have the EU apply conditionality measures to either Israel or the PA in relation to the binding constraints or final status issues.
- As a result of self-imposed restrictions, few actions were taken and the EU has *little leverage for advancing Palestinian reconciliation*
- *Opportunities for strategic alliances to enhance complementarities and coherence, especially with regional actors, were missed.*



The findings and analysis of the now twenty-year "interim" period suggest conclusions with lessons to be learned and applied to the future Cooperation. While it continues to provide much-needed welfare and keeps the PA and the Palestinian economy afloat, the EU lacks an adapted policy that addresses the binding constraints to achieving its goals, so as to build a real economy, reduce donor dependency, and advance good governance.

Without a political settlement, abatement of binding constraints, and establishment of accountability mechanisms, the consequences of incoherence in the present context are that the Cooperation:

- is unsustainable, even at the present levels of funding, given that important issues of sustainability (e.g., size of the combined public service providers' wage bill, hollowed-out Palestinian economy) have not been resolved to date;
- undermines transparency and democratic good governance in the absence of mechanisms and incentives for public expenditure accountability to the Palestinians;
- is marginally effective (even if a results framework is adopted) in the three focal areas of governance, private sector development and water/land development, given depleting PA institutional capacity, ownership and legitimacy;
- undermines EU credibility as a normative agent, given the absence of effective action to address the binding constraints, particularly those which the EU regards as illegal, giving an impression of *de facto* accommodation; and

- facilitates continued dependency and inhibits formation of a constructive exit strategy from the ongoing funding patterns.

Perhaps the best summary on coherence was expressed by two senior Palestinians long familiar with the Cooperation. They expressed great appreciation of the EU's strategy and implementation in supporting the PA and services to the Palestinian people, preserving the institutional gains, and creating the space for the PA to be able to continue and participate in efforts to resolve conflicts, both internally and with Israel. However the same interlocutors indicated that they did not consider the strategy to be coherent, either internally or externally, as it did not "touch the third line" (i.e., the occupation). In addition they concluded that the gains achieved by the EU are not sustainable unless the Palestinians can build their economy. Otherwise they remain dependent on reliable donor funding, subject to many external pressures. Failure to address the binding constraints has contributed to a dependency frame of mind within the PA. Moreover Palestine cannot build its economy unless the barriers are removed, thereby expanding resources and gaining access to markets. One noted "...and all the projects in these areas add up mostly to staying where we are. So we go nowhere. We would much prefer to stop the projects and reduce financial support, in exchange for removing occupation barriers."

"The *Binding Constraints*". Evidence collected in this Evaluation from many sources conclude that the two greatest obstacles to the Two-State solution with a democratic, viable and contiguous state of Palestine – to which all EU Cooperation efforts seek to contribute, - are (i) the multiple and complex occupation and settlement-related restrictions imposed by Israel on movement and access to resources, and (ii) the continued absence of Palestinian reconciliation and national elections. Together, throughout this evaluation these obstacles are collectively referred to as "binding constraints." However, the two factors are weighted differently in regards to how they affect achievement of the Two-State solution. The occupation restrictions over twenty years combined with the blockade of Gaza are the primary causes of Palestinian economic decline, lack of viability and contiguity and increased donor dependency. The absence of reconciliation and elections contribute to diminishing Palestinian political process, legitimacy and democratic good governance.

2) **EU Responsiveness**

Resources and mechanisms Evidence collected strongly indicates that the overall institutional capacities of the EU do not match the political and Cooperation ambitions set by the EU for Palestine. The EU Delegation or Office of the EU Representative can count on significant positive assets, including a capable and motivated team; sound local coordination; good understanding of the context, risks and constraints; and an above-average level of interaction between EEAS and DEVCO. However, the overall effectiveness of the EU's action is severely constrained by internal factors including the limited capacity to bring to the fore the triangular political dialogue indispensable for moving forward towards political goals.

Delivery capacities have been constrained by a fragmented approach to the Cooperation, a system that is "instrument and mechanism-oriented" but lacking a comprehensive overview, strategy and management for all its components linked to overarching EU goals. Historically, operational work and lessons have not systematically fed back into the Action Plan and Cooperation programming strategy. Limited linkages are established between interventions in the same sector financed from different tracks and instruments. Recent efforts have been made to better link the financial support for political and policy dialogue. The Local Development Strategy (LDS) and recent Single Support Framework (SSF) are evidence of efforts towards a better division of labour between the EU, MS and other donors, including a shift from generic infrastructure facilities to sector-wide arrangements. Results-oriented monitoring and evaluation processes for these measures are being developed but have yet to be tested.

Other factors constraining effectiveness are (i) an internal organization not yet fully oriented to 'results-based' programming and management; (ii) a lack of suitable tools for results-based Cooperation; and (iii) underpinning the foregoing, a critically understaffed EU Delegation (which also requires new skills and competences).

The Evaluation found scope for strengthening internal (including improved harmonization between Member States) and external coordination arrangements (e.g., through revitalization of LACS and creation of a similar platform for East Jerusalem).

With regard to communication, the evaluation team found well-structured and active efforts aimed at promoting awareness of EU aid flows. These efforts seem to produce results in terms of a positive perception (not least in Gaza) of EU support for the Palestinian people. However, the effectiveness of communication is hampered by a lack of communication resources; by operational, logistic and political challenges (i.e. communications in Gaza and East Jerusalem); and by the lack of a widespread communications culture among stakeholders. Effectiveness of communication is also impaired by the limited availability of messages relating to EU support for democracy, peace and the Two-State solution.

Mix of tracks and instruments A range of Cooperation instruments, progressively adjusted through time, address a complex landscape of contextual factors, needs and high risks. The complex mix of tracks and instruments, with 88% of resources flowing from DEVCO to track 1 (PEGASE DFS), track 2 and track 3 (UNRWA), and 12% from ECHO to humanitarian needs, human development and regional stability, is little understood by the Palestinian counterparts and stakeholders, leading often to misunderstandings and misperceptions concerning transparency and reinforcing perceptions of incoherence. Nevertheless the evaluation team found the Cooperation flexible in adjusting aid volume and modalities to the context, ensuring a reliable pattern of disbursements over time, meeting needs and ensuring short-term stability.

However, the EU approach to its various instruments does not favour direct contributions to the wider political goals and therefore tends to support a rather precarious, almost *ad hoc* stability, not based on effective conflict resolution and peace over the longer term. This in turn hampers the overall relevance, impact and sustainability of Cooperation interventions in relation to the EU's overarching objectives.

The findings include a limited capacity of EU Cooperation mechanisms to contribute effectively to wider political goals through Cooperation instruments, owing to (i) lack of engagement in the political dialogue; (ii) scarcity of human resources; (iii) the relative lack of clearly-defined sector goals and cohesive results frameworks across instruments and financing arrangements; (iv) missed opportunities for using EU leverage for policy reforms; and (v) lack of capacity to establish effective complementarities across various Cooperation tracks.

Direct Financial Support is an instrument adapted in 2007/2008 to the context, taking into account the high level of risks and the need for a reliable financial flow to promote short-term stability and operation of institutions and the PA. While the verification procedures established are generally robust, evidence suggests that the injection of just over €1 billion of aid flow to the PA through DFS has not been accompanied by political engagement and a level of leverage sufficient for substantive policy reform.¹ The Evaluation concludes that, over the six-year period reviewed, insufficient attention was paid to DFS's political, economic and social long-term effects, including risks of nepotism and socio-economic distortions, thereby limiting PA accountability while providing opportunities for increased spending in the other sectors, including security. More recently these issues have been recognized but the efficacy and Palestinian ownership of remedial measures remains to be tested.

Focal Sector Programmes (Track 2) were financed through geographical and thematic instruments to a total of €373m during the period under evaluation. Activities have been evolving positively, from simple infrastructure delivery to broader and complex interventions addressing the need for capacity-building, with an increasingly results-oriented approach (including monitoring and evaluation

¹ European Court of Auditors, Special Report no. 14, 2013, Executive Summary, para.iv , also paras. 40-41, pps.20-21. See also para. 55 noting the lack of EU information on the practice of paying individuals who may not be working. And see also paras. 55-56 concerning communications and the risks of corruption. A number of Palestinians told the evaluators that in their opinion issues of concern are not individuals not being able to work (largely for political reasons) and not so much corruption, but rather their concerns are more focused on non-transparent nepotism and the appointment of individuals less competent, but hired for reasons of political loyalty.

systems). However, the overall effectiveness of these programme and project approaches is limited by a number of factors including:

- lack of EU engagement in addressing “binding constraints” (often projects tend to mitigate the effects of occupation while not addressing the root causes of conflict);
- overstretched PA absorption capacities;
- projects accruing recurrent costs for beneficiaries, often undermining sustainability in the context of Palestine;
- projects in general responding to a fragmented number of demands which do not necessarily add up to a strategic approach to sector or Cooperation goals.

Project effectiveness and efficiency are also constrained by cumbersome financial and procedural mechanisms and shallow design.

EU support for refugees through UNRWA is effectively contributing to human development of refugees and supporting regional stability and peace, through the promotion of EU values of dignity, tolerance, humanity and solidarity among the refugee population. Good standards of basic services are delivered in a difficult environment; UNRWA is facing an increasing demand for services, with no commensurate expansion of the budget. However, notwithstanding significant contributions to the long-term goals of stability and peace and improving the conditions for eventual resolution, this track 3 of EU Cooperation, as activated now, makes only a limited contribution to the political goals of building a viable, contiguous State. Improved effectiveness of service delivery should continue to build on the ongoing reform efforts, including:

- increased accountability to refugees and, more generally, to the Palestinian people for service delivery;
- strengthened results-based system, monitoring and evaluation with focus on standards and quality of service delivery;
- increased complementarities with tracks 1 and 2 aimed at improved education and health sector outcomes and sector reforms;
- improved collaboration with the PA, seeking areas of mutual reliance and comparative advantage;
- improved partnership with Civil Society;
- focus on core UNRWA mandate;
- prioritizing poverty reduction, decreased vulnerability and, whenever possible, decreased reliance of refugee communities on UNRWA
- developing additional complementarities with EU bilateral Cooperation in Jordan.

3) **Actors and strategic alliances**

Relatively solid partnerships, supported by common goals and dialogue, have been established by the EU with Palestinian Civil Society, UNRWA and International Finance Institutions, primarily with a view to supporting Cooperation activities and increasing the effectiveness of aid delivery. However, the potential of these alliances for making progress towards achieving the EU’s political goals in Palestine has not effectively been exploited, owing to the absence of a clear strategy, limited human resources, and a lack of political back-up.

The role and engagement of *Civil Society* in policy definition has been increasing, including participation in the definition of National Development Plans, consultation on national policies, and participation in local governance. The EU Cooperation has been supporting this recent shift, by promoting stronger involvement of Civil Society in ENP sub-committee consultations and in domestic policy dialogue with the Palestinian Authority. Thematic programmes priorities have been redefined in consultation with Civil Society, favouring support for governance and policy dialogue. An active and continuous dialogue has been established between EUREP and Civil Society. The Single Support Framework defines a strategic commitment to increased engagement of Civil Society as a Cooperation partner and domestic governance actor.

Notwithstanding the shift of paradigm and increased involvement in policy dialogue and governance, EUREP's capacity to establish an effective partnership across sectors of Cooperation and temporary measures (PEGASE DFS, UNRWA) are still at an initial stage. Critical factors limiting increased engagement of Civil Society are a lack of (i) definition of a clearly-agreed strategy and plan of action, (ii) human resources within EUREP, and (iii) the capacity and willingness to provide adequate political support for such partnership.

The partnership with UNRWA is founded on longstanding and solid Cooperation agreements. The existing dialogue between the two institutions is fluid, structured and constructive. The EU has been working with UNRWA to increase and transparency of the budget and of the supporting reform. However, despite (i) the convergence of objectives for a stable solution of the Palestine refugees' plight, and (ii) the recognition that UNRWA could be a valuable partner in working toward this solution, there has been little commitment to mutual action regarding the political goals pursued by the EU. UNRWA could do more to improve PA and Jordanian service quality performance, which would in turn prepare the way for convergence.

The EU has taken a leadership role in the interests of full political support, among donors and host countries, for the UNRWA reform process. The EU should also increase pressure for accountability to Palestine refugees and their systematic, predictable participation in the dialogue, in the reform process, and in assessment of services.

The EU has worked closely with the *international financial institutions* in Palestine. By all accounts it is an excellent working relationship, with almost continuous contact through exchanges concerning PA budget formation and expenditure, wage bills, revenue streams and overall macroeconomic management. The EU relies on the IMF for information informing its internal briefings and dialogue with the PA, both in the Action Plan and in the Cooperation finance assistance programmes, especially in the focal sector of governance. The relationship with the World Bank has been close and productive, including formal donor fora, informal consultations and partnership in a wide range of activities, with both co-financing and parallel financing. The WB and EU have sought to foster more synergies (including policy dialogue leverage) between donors, providing direct financial assistance to the PA.

4) EU Delivery

Governance. There are positive findings in this area. The EU's programme for good governance has been largely effective in building functioning PA institutions. PEGASE DFS and other EU programmes - including their capacity-building components - undertaken in close coordination with other development partners, helped preserve and strengthen PA institutions. The international community in the AHLC meeting of September 2011 confirmed the World Bank's view that "In areas where government effectiveness matters most - that is in security and justice; revenue and expenditure management; economic development; and service delivery - Palestinian public institutions compare favourably with other countries in the region and beyond."

But by late 2011 it was also becoming clear that building functioning PA institutions did not equate to building democratic good governance. The absence of accountability and transparency and limited PA ownership, capacity and internalization of reforms combined to bring ever-diminishing returns to the EU's efforts on institution-building and good governance between 2011 and 2014.

While there were significant positive findings in the focal area of governance, a number of missed opportunities and lessons also stand out:

- Missed opportunities for using PEGASE DFS for greater effectiveness in institution-building, especially in education and health.
- Partially-missed opportunities for using Cooperation with UNRWA to upgrade PA institutions, although the evaluation recognizes that since 2011 the EU has been promoting UNRWA and PA cooperation, and that to some extent the PA institutions, especially those relating to social services, have benefitted from the limited effectiveness of projects in the governance focal

sector in respect of the EU goals relating to democracy, justice, human rights and the rule of law.

- Missed opportunities for coordination between the governance focal sector and the other two focal sectors, water and the private sector.
- Limited effectiveness of Action Plan dialogue for the specific interventions in the rule of law programme, and only some evidence of effectiveness in human rights advocacy, despite many pro-active attempts with the PA to improve governance and human rights.

The *rule of law* programmes had some important outputs, including those in SEYADA II and the Central Elections Commission. The EUPOL COPPS mission also made significant contributions to improving methods and a culture of rule of law for the Palestinian Civil Police in particular. However over the longer term their potential for sustainability has been diminishing, reflecting lower PA enthusiasm and apparent absorption limits in terms of capacity-building.

The *human rights* programmes financed by EIDHR - and which were reviewed - offered continued accomplishments in their outputs and have developed a dense network that could be strengthened to increase demand for human rights and develop more sophisticated ways and means of meeting the demands. In the absence of removing the binding constraints and establishing democratic oversight for the PA, that is probably all that can be done.

Given the complex context, governance projects lacked flexibility and close monitoring to permit restructuring and adaptability. The Cooperation's support for the core PA institutions seems to have been more determined by a conditioned reaction to the volatile context than by the outcome of a dynamic political economy analysis which integrates policy dialogue and incentives for demonstrable and monitored reforms, driven by strengthened demand. The recent SSF and the Joint Action Plan acknowledge these past deficiencies.

However, even with improvements such as those suggested in the ROMs and the SSF, the combination of a continued absence of a democratic process and of progress in removing the binding constraints clouds PA legitimacy, and limit sustainable impact, transparency and accountability.

Social delivery. Around 70% of all EU assistance went to education, health and social protection, mainly through DFS for payment of salaries. The primary objective was to help the PA pay its civil servants and thus provide services to the Palestinian people. Generally, education and health indicators show that Palestine performs well in these sectors compared to other countries in the region. Performance in social protection through the Cash Transfer Programme is outstanding with excellent targeting – indeed a model for other countries. In that sense a major finding is that EU support for the social sectors has helped lay the basis for a socially viable State.

That said, performance *in education and health* could have been better, given the level of support (for example, TimSS scores on math and science declined before they improved, and quality is deficient); Gaza is falling relatively further and further behind the West Bank. The evaluation concludes that the EU should have placed much greater emphasis on specific goals, objectives and targets (with much closer monitoring) for education and health, rather than in general terms of “improved provision of basic services”. Fortunately the new Single Support Framework contains a much more comprehensive set of indicators but the need for further clarity is still suggested (see below). It is not clear why education and health ceased to be areas of focus, given that they receive the lion's share of EU assistance. As many donors noted, the sector strategies that now exist are little more than an *ex post* rationalization of different donors' interventions rather than a forward-looking strategy. In this regard the EUREP began to work in 2013, along with other partners (EU Member States and Australia) and the PA, towards a results-oriented framework covering not only policy reforms but also service delivery (education, health, social protection). Specific programme-related results of this activity had not materialized at the end of the evaluation period.

The results for *food insecurity* depict a harsh situation, with 34% of households insecure (57% in Gaza). Despite this situation the incidence of wasting and stunting is extraordinarily low, suggesting

that both food distribution and social programmes are extremely effective or that the methodology for measuring food insecurity needs to be re-examined. FAO is working in this regard to introduce a more evidence-based approach to measurement. The EU developed a food security strategy in 2003. It would be useful to revisit and update this strategy. The number of food-insecure jumped to 700,000 following Israel's blockade of Gaza. The EU appropriately stepped in to ameliorate the situation but this raises the question of EU and other donors paying for the cost of actions by Israel in relation to the cost of occupation.

As of now the PA, UNRWA and Hamas deliver a number of basic social and human development services to Palestinians, depending on geography and status. Taken together, the overall wage bill for service delivery to Palestinians is unsustainable. In addition the divergent institutional practices (policies as well as administration) are hampering efforts at overall Palestinian institution-building. The PA's budget is largely driven by the cost of *salaries and wages*, which in turn are driven by education, health and security costs. In 2003 the wage bill was 3% of GDP; by 2006 it had jumped to 26% and today is still around 17%. This compares to around 10% for countries at similar levels of development. The EU is thus supporting a labour force that is not sustainable in the long run. The evaluation team concurs with the view that a quick reduction in the size of the wage bill could have serious negative consequences and notes that the PA has managed to reduce it in the past four years by as much as nine percentage points. However sustainability requires more than a sole focus on capping the growth in the PA labour force.

The overall size of the labour force providing basic services, and its wage bill structure, both need attention. This is a two-pronged effort. First, in the very short term and in conditions of economic decline the EU continues to press for hiring restraint — continuing the net zero hiring policy — and keeping a cap on wage growth. However, a more systematic reform of the civil service and public sector wage setting practices will be required. In this regard, the evaluation team concurs with certain conclusions of the European Court of Auditors to the effect that PEGASE DFS should employ its potential leverage in financing one-third of the PA's salary bill. Consideration should be given to using conditionality to address the total size of the PA after assessing (i) who does what, (ii) the issue of staff who are paid but do not work, (iii) pensions (that are unsustainable), and (iv) health insurance. A forthcoming World Bank public expenditure review may help in this regard. Second, the wage bill for Palestinian service provision should be seen in its totality to include UNRWA and Hamas paid service providers. While it is a long-term effort with obvious political sensitivities, greater EU efforts are needed to gain an overview and better rationalize and harmonize the divergent systems and their budgets, if an EU exit strategy is ever to be achieved.

Private sector and trade The Action Plan (2013) and draft SSF present the outlines of a strategy for private sector development (PSD) and trade. As a finding, the evaluation team considers the programme highly relevant and consistent with PA plans and past EU practice. The strategy has been discussed broadly within the Palestinian community and has been designed to take advantage of past success. The measures address the main issues while acknowledging the obstacles to its success; but a major conclusion is that it is mostly aspirational in view of the major risks posed by restrictions on movement and on access to resources, inputs and export/trade channels.

Twenty years of Israeli restrictions have taken a heavy toll of the private sector, particularly over the evaluation period. While the EU has tried a number of approaches, both for PA capacity-building and through DFS to private sector actors, by 2014 options have become limited to marginal interventions aimed more at compensating, maintaining and preparing the PA and Palestinians for private sector growth rather than directly contributing to it. In other words, *unless the binding constraints are removed or substantially decreased, they render efforts in furtherance of PSD and increased trade of marginal efficacy, with doubtful sustainability.*

The effectiveness and impact of private sector and trade support requires systematic political dialogue and actions focused on removal of specific constraints on access to resources or opening-up of efficient trade corridors, as two more recent EU programmes have been attempting to achieve (the Trade Diversification Project and the Land Development Project).

In addition to the binding constraints issues, the second rank of obstacles to better private sector development lies in the absence of economic legality in the business environment in Palestine. Despite twenty years of donor efforts, significant basic property rights and business legislation remains un-enacted, including measures in respect of leases, securitization, corporate governance and oversight, trade, and quality standards.

Water sanitation and land Constraints on the Water and Sanitation sector are numerous and well identified in multiple reports, and suggest that the PA's 'nationwide' planning or development efforts have limited reach and remain precarious. Key constraints and unusually high regional levels of risk are well identified. EU Cooperation documents take stock of their complexity, but resolution of this mass of problems mainly requires movement on the political front. Thus the benefits of the EU's interventions are limited.

The EU programmes are based on relatively constant objectives and their priorities are aligned with the national development plans, but the support programming is undoubtedly complicated in terms of defining and delivering resources and assistance. The Single Support Framework presents a shift from 'water and sanitation' to 'water and land' addressing the territorial issue more coherently with the EU core objective of the Two-State solution. However, the potential for overcoming obstacles and risks appears weak: outcomes are barely achieved within the timeframe or in quantitative terms (due largely to dependence on administrative or political goodwill from Israel or the PWA) and the programmes' effectiveness is often severely limited. In addition utilities remain dependent to a large extent on donor aid for operational and management costs.

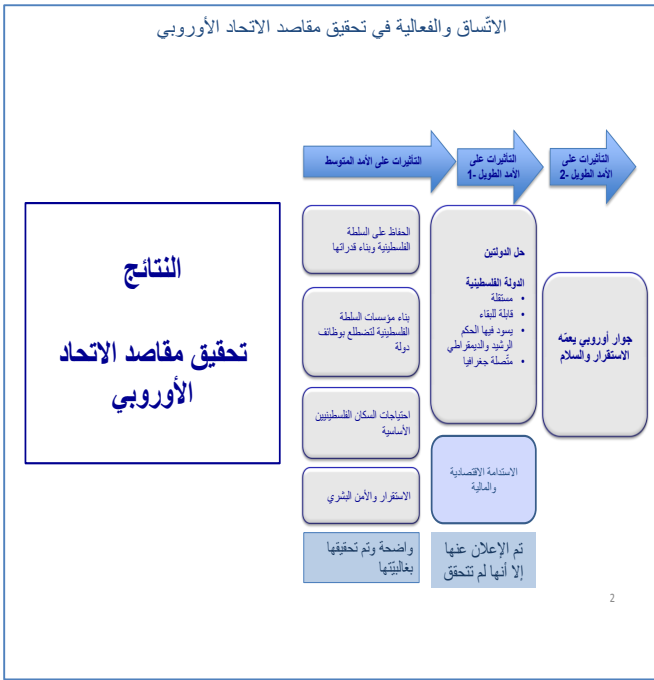
The 2013 National Water and Wastewater strategy (PWA) encompasses institutional changes and decisions on Tariff Regulation, establishment of Regional Water Utilities, and the legal personality of Water Users Associations. All these items will clearly impact on Palestinian society livelihoods but Civil Society has not been involved in drafting this document, and strong criticisms have been expressed over the lack of coordination with the PWA. There is a need for emphasising the role played by Civil Society in ensuring better information transfer, building a consensus vision and - as a consequence - provision of clearer accountability by the authorities.

موجز تنفيذي:

يتضمن هذا الموجز التنفيذي جزئين. يوجز الجزء الأول المواضيع العامة التي يتناولها التقييم، والنتائج والاستنتاجات الرئيسية التي يتوصل إليها، والتوصيات التي يقدمها، حيث ترد الاستنتاجات والتوصيات في الفصل 3. ويوجز الجزء الثاني النتائج والتوصيات التي يتوصل إليها التقييم بشأن مجالات تركيز محددة، حيث يتم التطرق إليها بمزيد من التفصيل وعرض الأدلة المساندة لها في الفصل 2.

الجزء الأول

النتائج



بذل الاتحاد الأوروبي جهدا على الأمد الطويل أفضى إلى تحقيق نتائج إيجابية هامة: ما فتأ يعرب الاتحاد الأوروبي لأكثر من عشرين عاما عن دعمه القوي للفلسطينيين وسعيهم لتقرير المصير. وتعزيزا لهذا الدعم واصل الاتحاد الأوروبي السعي إلى تحقيق رؤية طموحة قائمة على المعايير لحل الصراع الإسرائيلي-الفلسطيني، حيث تتمثل هذه الرؤية "بحل الدولتين" الذي ينطوي على إقامة دولة فلسطين الديمقراطية والقابلة للبقاء والمتصلة جغرافيا. وفي هذا الإطار، حدّدت الإعلانات التي صدرت عن أعلى مستويات الاتحاد الأوروبي العقبان المتواصلة التي تقف حجر عثرة في طريق تحقيق مقاصده، بما فيها الاحتلال الذي طال أمده والاستيطان وتفتّت الفلسطينيين، وعبرت عن إدانتها لها.

ولطالما ارتكزت الأهداف السياسية الصريحة التي يسعى الاتحاد الأوروبي إلى تحقيقها على التّدفق السخي للدعم الذي يقدمه الاتحاد، حيث بلغ 2,5 مليار يورو ما بين عامي 2008 و2013 (انظر الفصل الأول للإطلاع على مزيد من التفاصيل). وثمة توافق واسع النطاق، حتى في أوساط الأطراف الفاعلة من الفلسطينيين، على أن الاتحاد الأوروبي حقّق إنجازا كبيرا من حيث تعزيز رفاه الفلسطينيين، والحيلولة دون انخيارهم المالي والاقتصادي، والتعويض عن الخسائر التي مُنّبوا بها جزاء الاحتلال، وتعزيز الاستقرار والأمن، وبناء قدرة مؤسسات السلطة الفلسطينية على أداء وظائفها بالتزامن مع الحفاظ على قدرتها على الاضطلاع بمسؤوليات الدولة التي سوف تقع على كاهلها في حال تسوية النزاعات مع إسرائيل.

إلا أنه -أي الاتحاد الأوروبي- لم يحقق الغايات الشاملة أو الاستدامة التي ما فتأ يسعى إلى تحقيقها: بالرغم من السياسات الاعلانية الراسخة التي صدرت عن الاتحاد الأوروبي والدعم المالي الهائل الذي قدّمه الحوار والوسائل الأخرى التي استخدمها، فإن التعاون الذي أجراه الاتحاد الأوروبي لم يحدث إلا تأثيرا قليلا قابلا للاندثار على العقبان الرئيسية التي تعترض تحقيق حل الدولتين. فقد جمع التقييم أدلة وافرة تدلّ على أن "قيودا ملزمة" أعاققت بشدّة الأهداف التي يسعى الاتحاد الأوروبي إلى تحقيقها، حيث أن أهمها لا يضمّ القيود التي يفرضها الاحتلال الإسرائيلي وتخصيص الموارد للمستوطنات فحسب، بل ويضم أيضا الانقسامات السياسية الفلسطينية وغياب العملية الديمقراطية عن المشهد الفلسطيني. وبالرغم من أن الاتحاد الأوروبي سلّط الضوء على هذه القيود في التصريحات الصادرة عنه، فإنه -وبحسب النتائج التي توصل إليها التقييم- لم يبدِ الاستعداد للتصدّي لهذه القيود من البداية بتقديم استجابة سياسية فعالة أو أنه لم يمتلك القدرة على ذلك. وبالرغم من أن الدول الأعضاء توصلت إلى إجماع حول السياسات الإعلانية التي تُعنى باستنتاجات المجلس، فإنها امتنعت عن إتخاذ المزيد من الخطوات العملية تفاديا لإتخاذ تدابير قائمة على المواجهة أو الخصومة بحق إسرائيل بدرجة أولى والسلطة الفلسطينية بدرجة أقل.

وكما يبيّن التقييم في الفصل الأول، تسبّب النمط المتواصل الذي ساد طيلة الأعوام العشرين الأخيرة ابتداء من التوقيع على اتفاقيات أوسلو -والذي تمثّل بالحدّ من إمكانية انتفاع الفلسطينيين من الموارد، وتكثيف القيود المفروضة على حركتهم- بتدهور اقتصادي شامل وتنامي اعتمادهم على الجهات المانحة تماما كبيرا جعل الآن هذا الاعتماد مترسّخا. ويوحى هذا النمط بأن آفاق تحقيق الاتحاد الأوروبي لأهدافه المتمثلة بقابلية الاستمرار الاقتصادية والمالية للفلسطينيين وتواصلهم الجغرافي قد انخفضت أكثر من أي وقت مضى. فالتدابير الاستثنائية التي اتخذها الاتحاد الأوروبي عام 2007 بغية دعم النفقات المتكررة للسلطة الفلسطينية وتقديمها للخدمات -وهي التدابير التي اعتبرها آنذاك "مؤقتة"- أضحت تشكل سمة دائمة من سمات المشهد الفلسطيني، وأصبح من المستبعد تحقيق الاستدامة ولا تتوقّر إستراتيجية خروج واضحة في هذا المضمار.

غياب نَحج ثلاثي فعال يُعنى بجهود التعاون: لا يمكن في هذا السياق غير العادي تقييم تأثير جهود التعاون التي يبذلها الاتحاد الأوروبي دون تفادي الأخذ بعين الاعتبار مختلف العقبات التي تؤثر تأثيراً أساسياً على نتائج تعاون الذي يضطلع به الاتحاد الأوروبي والدعم الذي يقدمه واستدامتهما. ويقتضي ذلك النظر في الكيفية التي يتصدى بها الاتحاد الأوروبي لهذه العقبات من خلال الشراكة التي يقيمها لا مع فلسطين فحسب بل وأيضاً مع إسرائيل. وفي الواقع لم يعقد الاتحاد الأوروبي طيلة فترة إعداد التقييم أي حوار يُذكر يميّز بكونه إستراتيجياً ومنهجياً ومتواصلاً وموجهاً نحو تحقيق النتائج على مستوى رفيع مع إسرائيل من شأنه أن يربط مباشرة بين فعالية التعاون والإجراءات الإسرائيلية. وبالتالي، فإن الافتقار لمسار سياسي مكتمل وفعال تشترك فيه إسرائيل - وهو ما يشير إليه التقييم "بالهيج الثلاثي" - حدّ من التأثير المستديم للتعاون على تحقيق أهداف الاتحاد الأوروبي الشاملة (انظر الفصل الثاني، أسئلة التقييم 1 و2).

زيادة عدم اتساق النتائج مع معايير الاتحاد الأوروبي: بحلول العام 2014، أصبح هذا الوضع الاستثنائي الذي يتمكّل بحرمان الفلسطينيين من الموارد والحقوق، والتدهور الاقتصادي الذي يعانون منه، واعتمادهم على الجهات المانحة، وغياب العملية الديمقراطية لديهم، وتفتتتهم السياسي يقوّض مبادئ الحكم الرشيد والديمقراطي التي ينادي بها الاتحاد الأوروبي ومصداقيتها ويتهدّد إنجازات بناء الدولة التي تم إحرازها خلال آخر عشرين عاماً (انظر الفصل الثاني، أسئلة التقييم 1 و2 و6).

وثمة تقييمات تعترض التنفيذ: وعلاوة على ما تقدّم، وبالرغم من الجهود التي يبذلها وفد الاتحاد الأوروبي الذي أبدى التزاماً كبيراً - ولا سيّما الجهود التي ما فتأ يبذلها منذ عام 2012 بغية زيادة تحقيق المواءمة بين الجهات المانحة وإحراز المزيد من النتائج الفعالة - واجهت برامج التعاون قيوداً رئيسية (علماً بأنها حُرمت من الدعم السياسي المتسق من الاتحاد الأوروبي للتصدّي للقيود الملزمة). وضمت هذه القيود (1) الافتقار لإستراتيجية متّسقة من شأنها الربط بين مختلف الأدوات التي يستخدمها الاتحاد لإحراز نتائج أفضل، و(2) عجز في الأدوات والموارد البشرية الكافية اللازمة للبرامج القائمة على الأداء والتنفيذ والرصد والتقييم، وهو ما أعاق إجراء الاتحاد الأوروبي لحوار قائم على النتائج مع السلطة الفلسطينية وإسرائيل، و(3) عجز آليات المساءلة أمام السكان الفلسطينيين في كافة جوانب التعاون (انظر الفصل الثاني، أسئلة التقييم 3-9).

الاستنتاجات

إن كل ما تقدّم يؤدي إلى صورة قائمة بالمحتمل. فمن ناحية، توحى النتائج التي توصل إليها التقييم بأنه تم إحراز إنجازات هامة. ويمكن للاتحاد الأوروبي في هذا المضمار أن يدعى على نحو مشروع بكونه الشريك السلطة الفلسطينية الأكثر موثوقية والمساهم الأكبر في تحقيق الرفاه للفلسطينيين، حيث أسهمت كافة الجهود التي يبذلها الاتحاد في تحقيق الاستقرار بصفته يمثّل هدفاً واسع النطاق لسياسة الجوار الأوروبية وذلك على الأمد القصير على الأقل.

إلا أنه لم يُبدل إلا جهد ضئيل بغية إزالة العقبات الأكثر أهمية التي تعترض إحراز نتائج التعاون المستدامة وتحقيق حل الدولتين الذي من شأنه أن يفضي إلى إقامة الدولة الفلسطينية القابلة للبقاء والديمقراطية والمتصلة جغرافياً، حيث تتمثّل هذه العقبات على وجه الخصوص بالاحتلال الإسرائيلي، وسياسات الاستيطان، والانقسام السياسي بين الضفة الغربية وقطاع غزة. وفي ضوء الافتقار للتدابير الفعالة الكفيلة بالتصدّي لهذه العقبات، من المستبعد أن يحقق الاتحاد الأوروبي هدفه المتمثّل بحل الدولتين. وعلاوة على ذلك، من شأن عدم تحقيق حل الدولتين على الأمد الطويل وعدم استدامة تقديم الخدمات على مستويات الدعم الراهنة أن يتهدّد الاستقرار بصفته هدفاً لسياسة الجوار الأوروبية.

بالإضافة إلى ذلك، جرد غياب العملية الديمقراطية الفلسطينية عملياً من الآلية الكفيلة بمساءلة السلطة الفلسطينية على تخصيص الموارد وإدارتها. حيث إذ يواصل التعاون مع مرور الوقت بدعم تقديم الخدمات العامة للسكان الفلسطينيين عبر السلطة الفلسطينية، فإنه يسهّل اعتماد نظام حوكمة يفتقر للآليات الكفيلة بتمكين السكان الذي يتلقون الخدمات من مساءلة السلطة الفلسطينية. إن هذا يشكل نمطاً يأتى بنتائج عكسية متزايدة لا تتفق مع معايير الاتحاد الأوروبي التي تُعنى بالحكم الرشيد.

وأخيراً، ثمة قيود ترتبط بالتنفيذ تعترض فعالية التعاون، حيث تضم هذه القيود على وجه الخصوص الافتقار للبرامج القائمة على النتائج، والرصد داخل برامج التعاون وفيما بينها، والفرص التي جرى تفويتها لإقامة تحالفات أقوى مع الجهات الفاعلة على الصعيد الإقليمي والمجتمع المدني ووكالة الأمم المتحدة لإغاثة وتشغيل اللاجئين الفلسطينيين في الشرق الأدنى (الأونروا).

لذا، يسود اعتقاد على نطاق واسع في أوساط أصحاب المصلحة من الفلسطينيين والاتحاد الأوروبي مؤداه أن نموذج التعاون الحالي بلغ حدّه في ظل غياب مسار سياسي موازي من شأنه أن يتصدّى للقيود الملزمة والافتقار لتدابير أكثر فعالية تُعنى بالتنفيذ. وبالتالي فإن مواصلة الاتحاد الأوروبي للعمل باعتماد نموذج الأعوام 2008-2013 سوف يقلّص جهود التعاون التي يبذلها من أجل الاضطلاع بدور هائل، وهو ما من شأنه أن ينزّل مكانة الاتحاد الأوروبي إلى الاضطلاع بدور "الدافع عوضاً عن اضطلاع بدور الجهة الفاعلة".

يقدم الفصل الثالث موجزاً مفصلاً عن الاستنتاجات التي يتوصّل إليها التقييم استناداً إلى النتائج التي توصلت إليها أسئلة التقييم، ويقدم أيضاً تحليلاً عن السياق الحالي والنقاشات الدائرة مع الفلسطينيين، والدول الأعضاء، وطاقم الاتحاد الأوروبي في فلسطين وبروكسل، وطاقم الأونروا في فلسطين والأردن وبروكسل.

التوصيات

النهج التأسيسي: بالرغم من مدى ملائمة التعاون الذي أباده الاتحاد الأوروبي وفعالتيته سابقا، تبرز التوصيات المدرجة أعلاه النظر في إجراء تحوّل عميق في النهج الإستراتيجي الذي يعتمد عليه الاتحاد الأوروبي بشأن التعاون وذلك بحلول عام 2014. وتحققا لذلك، أُخِّدَت عدّة مبادرات منذ عام 2012 بغية إعادة صياغة التعاون من أجل تحقيق نتائج أفضل. ومع ذلك، تفتقر هذه المبادرات لأوجه الدعم الهيكلية اللازمة لإحراز الاتساق والنجاح، بما في ذلك الإستراتيجية الشاملة (السياسية والعملية) التي تركز على بيئة يمكنها أن تمنح التفويض الواضح لذلك (لا في الاتحاد الأوروبي فحسب بل وأيضا في إسرائيل وفلسطين) والموارد اللازمة للتنفيذ الفعال والكفؤ.

ونتيجة لذلك، يقدّم فريق التقييم توصية شاملة للاتحاد الأوروبي تتمثل في أنه يتعيّن عليه أن يشرع باتّباع "نهج تأسيسي" في مجمل تعاونه مع فلسطين، إذ يرى الفريق ذلك بمثابة الخطوة الأولى الضرورية الكفيلة لإلقاء نظرة عامة شمولية جديدة غير ملزمة بالافتراضات السابقة. إن من شأن اعتماد الاتحاد الأوروبي لنهج تأسيسي أن يدعو للتراجع ومواجهة القيود الهيكلية التي تعيق النهج الحالية منذ البداية، وأن يمكنه -بالاستناد إلى ما تقدّم- من تصميم إطار للتعاون أكثر ترابطا واتساقا، بحيث يمثّل هذا الإطار هيكلا متينا للمضي قُدّما وتصميما يلاءم بدرجة أكبر السياق ومعايير الاتحاد الأوروبي والتنفيذ الفعال. إن هذا التدريب (أي اعتماد النهج التأسيسي) - الذي سوف يُشرع به على مستوى رفيع والذي لا يقتصر على تدابير مخصّصة ولا يقوم ببساطة على إكمال الطرائق الراهنة أو إعادة صياغتها بصورة أوتوماتيكية- من شأنه أن يفضي إلى إجراء استعراض كامل للتعاون يكون بالإمكان إعادة هيكلته بصورة كبيرة وأن يتيح الاستفادة الكاملة من معاهدة لشبونة وأجندة التغيير.

إن أيّ توقّف مفاجئ في تقديم الدعم للعاملين في مجاليّ الرعاية الصحية والتعليم ورفاه اللاجئين لا يُحتمل في الواقع، إلا أنه لا يتعيّن أن يحول هذا الأمر دون إجراء استعراض مستفيض حول التعاون وإعادة ضبطه استنادا إلى النتائج والتوصيات التي تمّ التوصل إليها والعبء التي تمّ استخلاصها على مدار الأعوام الست الأخيرة. ولن يتناول هذا الاستعراض الإستراتيجيات السياسية والتنفيذية فحسب، بل وسوف يتناول أيضا الموارد البشرية والمالية الخاصة بالتعاون وطرائقه التنفيذية بهدف أن يحقق التعاون تأثيرا أكبر نطاقا وتفديا لتآكل إضافي للمكاسب. وسوف يعتمد هذا الاستعراض نهجا شاملا يُعنى بالتعاون يضمّ إجراء إصلاحات للسياسات قائمة على النتائج وتكون مدعومة من المعونات التي تقدّمها الجهات المانحة، بحيث ترتبط بتعزيز تأثير الاتحاد الأوروبي على الصعيد السياسي بما فيه النهج الثلاثي. وبالرغم من أن مسألة اعتماد النهج التأسيسي ستكون ملحّة بالنسبة للمبادرات السياسية الحالية، فإنه من الأهمية البالغة بمكان اعتماد نهج جديد في أية حالة.

ويفترض النهج بأن المبادئ التي يتبناها الاتحاد الأوروبي والأهداف التي يسعى إلى تحقيقها ستواصل على النحو الذي ترد عليه في سلسلة توصيات المجلس (للعوام 2009-2013). وسوف يأخذ النهج بعين الاعتبار التغييرات التي طرأت على السياق، بما فيها تلك التغييرات التي طرأت نتيجة المبادرات الراهنة التي دخلت حيز التنفيذ. وسوف يفترض النهج الاستقرار الكافي لكي يواصل الاتحاد الأوروبي بذل جهود التعاون على المستوى الرفيع. وسوف ينير الاستعراض أساسا البرامج المتعددة الأعوام التي تربط خطة العمل المشتركة التي يجري تنفيذها بالتعاون مع السلطة الفلسطينية بالأداة الجديدة لسياسة الحوار الأوروبية. وسوف ينظر النهج التأسيسي اعتماد معادلة خاصة تُعنى بالمخاطر/ النجاح في إقامة التعاون بحيث تأخذ بالحسبان احتمالية أن تعود الملكية للسلطة الفلسطينية وإسرائيل ويحظى على دعم كامل من الدول الأعضاء.

وثمة سيناريوهان حول الكيفية التي سوف ينطلق بها النهج التأسيسي، وذلك كما يلي:

1. يستند السيناريو الأول على الافتراض بأنه سوف يطرأ تغيير على الظروف السياسية في الاتحاد الأوروبي/ الدول الأعضاء فيما يتعلق بفلسطين وإسرائيل على نحو يتيح التخفيف من العوائق الهيكلية في الاتحاد الأوروبي التي تعيق اعتماد الاتحاد لنهج أكثر اتساقا في هذا المضمار. ومن شأن هذا الأمر أن يفسح المجال أمام لاتحاد الأوروبي لكي يتصدّى بجدية للقيود الملزمة ويُشرك كلا من إسرائيل وفلسطين في حوار ثلاثي يكتسب أهمية كبيرة بالنسبة لإقامة دولة فلسطينية قابلة للحياة، وديمقراطية، ومستدامة، ومتّصلة جغرافيا. وسوف يكون هذا السيناريو الأكثر ملائمة لإقامة تعاون معزّزا ومتّسقا وفعالاً، وسيكون له تأثير أكبر أهمية على التوصيات المدرجة أدناه فيما يتعلق بالتوجه نحو تحقيق النتائج، ورصد الأداء، وإعادة تنظيم الموارد.

2. يستند السيناريو الثاني غير المستبعد على الافتراض بأنه لن يطرأ تغيير كبير على مجمل النهج السياسي الذي يعتمد عليه الاتحاد الأوروبي/ الدول الأعضاء في تعامله مع فلسطين وإسرائيل. وفي مثل هذه الحالة، سوف يتم التركيز على إستراتيجية متّسقة وأكثر واقعية مع إدخال تحسينات تنفيذية ابتغاء تحقيق الأهداف القصيرة والمتوسطة الأمد التي تتفق مع معايير الاتحاد الأوروبي.

وفي السيناريوهين اللذين يستعرضهما التقييم أعلاه، تتمحور التوصيات التنفيذية التي يتناولها الفصل الثالث بمزيد من التفصيل حول اعتماد توجه يركز على تحقيق النتائج من خلال ما يلي:

- تصميم نظام يُعنى بقياس النتائج وبرنامج يُعنى برفع التقارير للإدارة والعمل على تنفيذها،
- وبناء ثقافة تُعنى بتحقيق النتائج من خلال اعتماد أطر منهجية للنتائج في مرحلتيّ إعداد الإستراتيجيات وتصميم البرامج،

- ودعم القدرات الفلسطينية (أي القدرات التي تمتلكها السلطة الفلسطينية والأونروا ومنظمات المجتمع المدني) للمشاركة في تصميم مُهج تستند على تحقيق النتائج وتنفيذها، ومن بين الأمثلة على ذلك العمل على دعم القدرات الإحصائية التي تُعنى بالرصد والتقييم والعمل مع جماعات الممارسين (ذات المنحى القطاعي أو الوظيفي) على الصعيد الإقليمي بغية تبادل المعلومات والاضطلاع بوظائف الإشراف المرتبطة بتحقيق النتائج،
- واستخدام رسم الخرائط الجغرافية والآليات الأخرى بغية النهوض بمستوى المساءلة الاجتماعية.

ويؤكد التقييم على أن السيناريو الثاني الوارد أعلاه لا يشكل وسيلة من شأنها حلّ الاستنتاجات التي يتوصل إليها التقييم حول الاتساق السياسي أو التوفيق بين ممارسات الاتحاد الأوروبي وأهداف سياساته المعلنة، وإنما سيعالج هذا السيناريو -عندما يكون مقرونا بالتوصيات التنفيذية- الاستنتاجات التي تُعنى بالاتساق الداخلي للتعاون، والأدوات والموارد اللازمة لتحقيق قدر أكبر من الاتساق، وأوجه التكامل والاستنتاجات التي ترتبط باعتماد قدر أكبر من المساءلة فيما يتعلق بالحكم الرشيد الديمقراطي. وبالرغم من ذلك، فيما سوف تشكل هذه التدابير تحسينا، فإنها ستبقى بمثابة محقق لرغبة الإرادة السياسية نظرا لاحتمال عدم التصدي للمشاكل الهيكلية الجوهرية والقيود الملزمة.

ويوجز التقييم أدناه التوصيات المفصلة التي تُعنى بمجموعات أسئلة التقييم الأربعة التي يتناولها الفصل الثاني بالتفصيل، حيث ستتع هذه التوصيات الاعتبارات التي أشار إليها التقييم أعلاه. ويعرض الفصل الثالث هذه التوصيات بتفصيل وإسهاب.

الجزء الثاني

تركيز التقييم

(1)

اتساق الاتحاد الأوروبي

افتقر التعاون الذي أبداه الاتحاد الأوروبي للتدابير التي من شأنها تحقيق الاتساق السياسي وذلك في عدّة مجالات حاسمة:

- حدوث انفصال وعدم اتساق بين سياسات الاتحاد المعلنة والممارسات التي اعتمدها في سبيل تحقيق هذه السياسات، حيث توقّف الاتحاد الأوروبي بصورة خاصة عند حدّ استعمال الأدوات الفعالة للتصدّي للقيود الملزمة التي تحول دون تحقيق الغايات الرئيسية بشأن السياسات،
- افتقار العناصر التي يتألف منها تنفيذ التعاون للتوجّه صوب

تحقيق النتائج وآليات المساءلة، بحيث أمّا أضحت مع مرور الوقت غير مجدية بالنسبة للأهداف التي يضعها الاتحاد الأوروبي نصب عينيه والمتمثلة بالنهوض بمستوى القابلية على البقاء والحكم الرشيد والديمقراطي في فلسطين، وهو ما يتسبّب باستنزاف مصادقية الاتحاد الأوروبي المعيارية ويساهم في تآكل مؤسسات السلطة الفلسطينية،

- تفادي إتخاذ الإجراءات الإستراتيجية والتنفيذية مع الأخذ بعين الاعتبار مسألة أن نتائج التعاون لا تتوقّف على الشراكة مع السلطة الفلسطينية فحسب، بل وتتوقّف أيضا على التعاون والتنسيق الوثيقين مع إسرائيل. وبالتالي لم ينجح الاتحاد الأوروبي في قيادة نهج ثلاثي إستراتيجي ومنهجي ينظّم الحوار القائم على النتائج مع إسرائيل والفلسطينيين،
- وإعاقه عدّة مسائل هيكلية للاتساق الكامل في التعاون، حيث أن هذه المسائل تتمثّل بصورة خاصة بعدم توصّل الدول الأعضاء إلى إجماع حول تولّي الاتحاد الأوروبي تطبيق تدابير فرض الشروط على إسرائيل أو السلطة الفلسطينية فيما يتعلّق بالقيود الملزمة أو قضايا الحل النهائي،
- وعدم اتّخاذ الاتحاد الأوروبي لإجراءات -سوى لعدد قليل منها- وعدم ممارسته لنفوذ كبير بغية إحراز تقدم على صعيد المصالحة الفلسطينية نتيجة للقيود التي يفرضها على ذاته،
- وتقويت فرص إقامة تحالفات إستراتيجية من شأنها تعزيز أوجه التكامل والاتساق ولا سيّما بين الجهات الفاعلة على الصعيد الإقليمي.

تشير النتائج والتحليل بشأن الفترة "الانتقالية" التي امتدت لمدة عشرين عاما إلى استنتاجات ودروس تتعيّن تعلّمها والاستفادة منها للتعاون في المستقبل. وبالرغم من أن الاتحاد الأوروبي يقدّم الرفاه للفلسطينيين الذين يحتاجونه بالحاح ويمنع اغتيار السلطة الفلسطينية والاقتصاد الفلسطيني، فإنه يفتقر لسياسة مواءمة كفيّلة بمعالجة القيود الملزمة التي تعترض تحقيقه للأهداف التي يضعها نصب عينيه بغية بناء اقتصادي حقيقي للفلسطينيين وتقليص اعتمادهم على الجهات المانحة والنهوض بمستوى الحكم الرشيد.

في ظل عدم التوصل إلى تسوية سياسية وتخفيف القيود الملزمة وإنشاء آليات المساءلة، سوف يترتّب تداعيات على انعدام الاتساق في السياق الراهن للتعاون، حيث أمّا ستكون على النحو التالي:

- سوف يكون التعاون غير مستديم حتى عند مستويات الدعم الراهنة لكون مسائل الاستدامة الهامة -من قبيل مقدار فاتورة الأجور مجتمعة التي يتكبدها مزوّدو الخدمات العامة (الوظائف العامة) والاقتصاد الفلسطيني المتدهور- لم تُحلّ بعد،
- وسوف يقوِّض التعاون الشفافية والحكم الرشيد والديمقراطي في ظل غياب الآليات والحوافز الكفيلة بمساءلة الإنفاق العام أمام الفلسطينيين،
- وسوف يكون التعاون فعالا على نحو هامشي -حتى وإن تم اعتماد إطار يُعنى بتحقيق النتائج- في مجالات التركيز الثلاثة التي تتمثّل تحديدا بالحكم، وتطوير القطاع الخاص، وتطوير المياه/ الأرض نظرا لاستنزاف قدرة مؤسسات السلطة الفلسطينية وملكيّتها وشرعيّتها،
- وسوف يقوِّض التعاون من مصادقية الاتحاد الأوروبي بصفته وكيلًا في ضوء عدم اتّخاذ إجراءات فعالة من شأنها التصدّي للقيود الملزمة، ولا سيّما في ظل الإجراءات التي يعتبرها الاتحاد الأوروبي غير قانونية، وهو ما يعطي الانطباع عن نمط الأمر الواقع للتسوية،
- وسوف يسهّل التعاون استمرار الاعتماد على الجهات المانحة ويعيق تشكيل إستراتيجية بناء للخروج من أتماط التمويل المستمرة.

رما وجد أفضل إيجاز عن الأتساق تعبيراً له على لسان فلسطينيين رفيعي المستوى خيراً بالتعاون مع الاتحاد الأوروبي لمدة طويلة. إذ أهما عبراً عن تقديرهما العميق لإستراتيجية التعاون التي يعتمدها الاتحاد الأوروبي وتنفيذه لها بغية دعم السلطة الفلسطينية والخدمات التي تقدمها السلطة للشعب الفلسطيني، وعبراً عن تقديرهما أيضاً للحفاظ على المكاسب المؤسساتية ولتهيئة المجال أمام السلطة الفلسطينية لكي تمتلك القدرة على المساهمة في الجهود الرامية إلى حل الصراعين الذين تواجههما على المستوى الداخلي (الصراع الداخلي) وعلى المستوى الخارجي (الصراع مع إسرائيل). ومع ذلك، أشار المتحدثان ذاتهما إلى أنهما لا يعتبران الإستراتيجية متنسقة، سواء أكان ذلك داخلياً أم خارجياً، لكونها لم "تلمس الخيط الثالث" أي الاحتلال. وعلاوة على ذلك، خلص المتحدثان إلى أن المكاسب التي حققها الاتحاد الأوروبي لن تكون مستدامة إلا إذا تمكن الفلسطينيون من بناء اقتصادهم. وإلا سيقى الفلسطينيون يعتمدون على التمويل الذي تقدمه الجهات المانحة الذي يُعول عليه ويتعرضون للكثير من الضغوط الخارجية. فقد تسبب عدم التصدي للقيود الملزمة في نشوء إطار فكري لدى السلطة الفلسطينية تشجع الاعتماد على الجهات المانحة. وبالتالي، يتعذر على فلسطين أن تبنى اقتصادها إلا إذا تم إزالة المعوقات التي تعترض ذلك وتم

بالنتيجة توسيع الموارد التي يمكن للفلسطينيين الانتفاع منها وتمكنوا من الوصول إلى الأسواق. لقد قال أحد المتحدثين: ". . . إن معظم المشاريع التي يجري تنفيذها في هذه المجالات تساهم في مساعدة الفلسطينيين على البقاء في مكانهم الحالي، وبالتالي فإننا لن نخطو خطوة واحدة إلى الأمام. لذا فإننا نفضل كثيراً أن نتوقف المشاريع ويتقلص الدعم المالي مقابل إزالة المعوقات التي يفرضها الاحتلال."

2) قدرة الاتحاد الأوروبي على الاستجابة

الموارد والآليات: تدل الأدلة التي جرى جمعها بجلاء على أن القدرات المؤسساتية الإجمالية التي يمتلكها الاتحاد الأوروبي لا تتطابق مع الطموحات السياسية وتلك التي تُعنى بالتعاون التي حددها بشأن فلسطين. إذ يمكن لبعثة الاتحاد الأوروبي أو مكتب ممثل الاتحاد أن يعول على الموجودات الإيجابية الهامة التي يمتلكها، بما في ذلك فريقه القادر والمتحمس، واضطلاعه بالتنسيق المحلي الملام، واستيعابه الجيد للسياق والمخاطر والمعوقات بالإضافة إلى المستوى فوق المعدل للتفاعل بين الدائرة الأوروبية للشؤون الخارجية ومديرية التنمية والتعاون التابعة للمفوضية الأوروبية. ولكن فعالية العمل الذي يضطلع به الاتحاد الأوروبي بمجملها تعوقها بشدة عوامل داخلية من ضمنها محدودية القدرة التي يمتلكها على إجراء حوار سياسي ثلاثي منذ البداية لا غنى عنه بالنسبة لإحراز تقدّم على صعيد تحقيق الأهداف السياسية.

وتواجه قدرات التنفيذ عائقاً يتمثل بالنهج الجزئ الذي يعتمده الاتحاد الأوروبي بشأن التعاون، علماً بأن التعاون عبارة عن نظام "موجه نحو الأدوات والآليات" إلا أنه يفتقر لنظرة وإستراتيجية وإدارة شاملة تُعنى بكافة عناصره التي ترتبط بالأهداف الشاملة التي يسعى الاتحاد الأوروبي إلى تحقيقها. وتاريخياً لم يُسهّم العمل التنفيذي والدروس إسهاماً منهجياً في خطة العمل وإستراتيجية برامج التعاون. إذ ليس ثمة سوى روابط محدودة بين التدخلات التي تندرج ضمن القطاع ذاته الذي يجري تمويله من مسارات وأدوات مختلفة. ومع ذلك، وفي الآونة الأخيرة بُذلت جهود لتحسين الرقطة بين الدعم المالي المخصص للحوار السياسي وذلك المرتبط بالسياسات. وتشكّل إستراتيجية التنمية المحلية وإطار الدعم الواحد دليلاً على الجهود التي بُذلت من أجل تحسين تقسيم العمل بين الاتحاد الأوروبي، والدول الأعضاء، والجهات المانحة الأخرى، بما في ذلك الانتقال من مرافق البنية التحتية الشاملة إلى الترتيبات القطاعية الشاملة. ويجري العمل على تطوير عمليات الرصد والتقييم الموجهة نحو تحقيق النتائج لهذه التدابير، إلا أنها لم تخضع بعد للاختبار.

وتتضمن العوامل الأخرى التي تعيق فعالية التعاون (1) عدم توجيه النظام الداخلي بالكامل نحو البرامج والإدارة "القائمة على النتائج"، و(2) الافتقار للأدوات الملائمة للتعاون القائم على النتائج و(3) افتقار بعثة الاتحاد الأوروبي بصفة حادة إلى الموظفين (والتي تفتقر أيضاً لمهارات وكفاءات جديدة) وهو ما يعزّز ما تقدّم.

وقد وجد التقييم مجالات لتعزيز ترتيبات التنسيق الداخلية والخارجية، حيث تضم آليات التنسيق الداخلية تحسين المواءمة بين الدول الأعضاء فيما تضم ترتيبات التنسيق الخارجية تنشيط إعادة تنشيط سكرتارية تنسيق المساعدات المحلية وإنشاء برنامج مماثل في القدس الشرقية.

وفيما يتعلق بالتواصل، بذل فريق التقييم جهوداً منظّمة ونشطة بغية زيادة الوعي بتدفقات الدعم الذي يقدمه الاتحاد الأوروبي. ويبدو أن هذه الجهود أثمرت عن نتائج من حيث أنها عزّزت تصوراً إيجابياً لدى السكان الفلسطينيين (بما فيهم أولئك القاطنين غرة) عن الدعم الذي يقدمه الاتحاد الأوروبي. ومع ذلك، تواجه فعالية التواصل عائقاً يتمثل بعدم توافر الموارد المخصصة للاتصال، وتحديات تنفيذية/لوجستية/سياسية (من قبيل التواصل في غرة والقدس الشرقية)، ويتمثل أيضاً بالافتقار لثقافة الاتصالات الواسعة بين أصحاب المصلحة. كما تواجه فعالية الاتصال عائقاً آخر يتمثل بمحدودية الرسائل المتوفرة عن الدعم الذي يقدمه الاتحاد الأوروبي للديمقراطية والسلام وحل الدولتين.

"القيود الملزمة"

تفيد الأدلة التي جرى جمعها من عدّة مصادر في هذا التقييم بأن العقبين العظيمتين (الكأداءين) اللتين تقفان حجر عثرة في طريق تطبيق حل الدولتين الذي ينطوي على إقامة دولة فلسطين الديمقراطية والقابلة للبقاء والمتصلة جغرافياً - وهو الحل الذي يسعى الاتحاد الأوروبي إلى المساهمة في تحقيقه من خلال كافة جهود التعاون التي يبذلها - في (1) القيود المتعددة والمعقدة المرتبطة بالاحتلال والاستيطان التي تفرضها إسرائيل على الحركة والانتفاع من الموارد، و(2) عدم تحقيق المصالحة الفلسطينية وعقد الانتخابات الوطنية. وتجري الإشارة إلى هاتين العقبين معاً في هذا التقييم بعبارة "القيود الملزمة"، إلا أن لكل منهما تقييمها من حيث كيفية التأثير على تحقيق حل الدولتين. وتشكّل القيود التي بقي الاحتلال يفرضها طيلة الأعوام العشرين الأخيرة والحصار المفروض على غرة السببين الأساسيين لتدهور الاقتصاد الفلسطيني وافتقار الفلسطينيين للقابلية على البقاء والاتصال الجغرافي وزيادة اعتمادهم على الجهات المانحة. ويساهم عدم التوصل إلى المصالحة وعدم إجراء الانتخابات في تراجع (نكوص/ تضاول) العملية السياسية والشرعية والحكم الرشيد الديمقراطي في فلسطين.

مزيج المسارات والأدوات: ثمة مجموعة متباينة من أدوات التعاون تجري مواءمتها تدريجياً مع مرور الوقت وتتصدى لصورة معقدة من العوامل، والاحتياجات، والمخاطر الكبيرة السياسية. إن النظراء وأصحاب المصلحة الفلسطينيين لا يفهمون المزيج المعقد من المسارات والأدوات التي يتدفق فيها ما نسبته 84% من الموارد إلى المسار 1 (الآلية الفلسطينية الأوروبية للإدارة والمساعدة الاجتماعية-الاقتصادية/ الدعم المالي المباشر) والمسار 3 (الأونروا)، في حين تتدفق النسبة المتبقية (14%) من الموارد إلى الاحتياجات الإنسانية، والتنمية البشرية، والاستقرار الإقليمي. ويتسبب ذلك في الغالب بنشوء سوء تفاهم وتصورات خاطئة حول الشفافية في أوساط النظراء وأصحاب المصلحة الفلسطينيين ويعزز انطباعاتهم عن انعدام الاتساق. وبالرغم من ذلك، أتضح لفرق التقييم مرونة التعاون في تعديل حجم الدعم وطرقه لتتلاءم مع السياق، وهو ما من شأنه أن يضمن نموذجاً موثقاً به من الدفعات مع مرور الوقت، ويدعم الاحتياجات، ويعزز الاستقرار على الأمد القصير.

وبالرغم مما تقدم، لا يفضل النهج الذي يعتمده الاتحاد الأوروبي في مختلف الأدوات التي يستخدمها القيام بإسهامات مباشرة في تحقيق الأهداف السياسية الأوسع نطاقاً. ونتيجة لذلك، فإن هذا النهج يتجه لدعم الاستقرار الهش إلى حد ما والمخصص تقريبا الذي لا يستند على حل فعال للصراع وإحلال السلام على الأمد الأطول، وهو ما من شأنه أن يعيق ملاءمة تدخلات التعاون بمحملها وتأثيرها واستدامتها مع الأهداف الشاملة التي يضعها الاتحاد الأوروبي نصب عينيه.

وتضم النتائج محدودة قدرة آليات التعاون التي يعتمدها الاتحاد الأوروبي على الإسهام بفعالية في تحقيق الأهداف السياسية الأوسع نطاقاً من خلال أدوات التعاون. وتعود هذه المحدودية إلى جملة من الأسباب تضم (1) عدم الانخراط في الحوار السياسي، و(2) ندرة الموارد البشرية، و(3) الافتقار النسبي للأهداف القطاعية المحددة بوضوح وللأطر التي تُعنى بتحقيق النتائج المتسقة في الأدوات والتمويل، و(4) الفرص التي تم تفويتها في ممارسة النفوذ الذي يتمتع به الاتحاد الأوروبي من أجل الإصلاحات السياسية، و(5) عدم امتلاك القدرات الكفيلة بإنشاء أوجه تكامل فعالة بين مختلف مسارات التعاون.

أما الدعم المالي المباشر فهو أداة جرت مواءمتها في عامي 2008/2007 لتناسب مع السياق، وتم ذلك مع الأخذ بالحسبان مستوى المخاطر المرتفع والحاجة لتدفق مالي موثوق به ابتغاء تعزيز الاستقرار على الأمد القصير وقدرة المؤسسات والسلطة الفلسطينية على الاضطلاع بوظائفها. وبالرغم من أن إجراءات التحقق التي جرى إرساؤها صارمة عموماً، تفيد الأدلة أن ضخ تدفق من الدعم تزيد قيمته قليلاً عن مليار يورو في السلطة الفلسطينية من خلال الدعم المالي المباشر لم يكن مصحوباً بمشاركة وتأثير سياسي من أجل إصلاح السياسات إصلاحاً جوهرياً.² ويتوصل التقييم إلى استنتاج مؤداه إلى أنه على مدار المرحلة التي استعرضها والتي امتدت لسنة أعوام لم يتم إيلاء الاهتمام الكافي للتأثيرات السياسية والاقتصادية والاجتماعية التي يجدها الدعم المالي المباشر على الأمد البعيد، بما فيها مخاطر المحسوبية والاضطرابات الاجتماعية-الاقتصادية. إن من شأن ذلك أن يحد من مساءلة السلطة الفلسطينية ويوفر فرصاً في الوقت ذاته لزيادة الإنفاق في قطاعات أخرى، من ضمنها قطاع الأمن. وبالرغم من أنه جرى إدراك هذه المسائل مؤخراً، لم تخضع بعد فعالية الملكية الفلسطينية للإجراءات العلاجية للاختبار.

وقد تم تمويل البرامج التنسيق القطاعية (المسار 2) من خلال الأدوات الجغرافية والموضوعية بمبلغ 335,7 مليون يورو خلال الفترة التي يغطيها التقييم. وما فتأت الأنشطة تتطور بإيجابية متحوّلة من مجرد توفير بسيط للبنية التحتية إلى تدخلات معقدة أوسع نطاقاً تستجيب لحاجة بناء القدرات، ورافقها اعتماد نهج موجه باضطراد نحو تحقيق النتائج (بما في ذلك أنظمة الرصد والتقييم). ومع ذلك، ثمة مجموعة من العوامل التي تحدّ من الفعالية الكلية لهذه البرامج وتُهج المشاريع، حيث تضم ما يلي:

- عدم انخراط الاتحاد الأوروبي في التصدي "للقيد الملزمة"، إذ غالباً ما تنحو المشاريع التي يمولها الاتحاد إلى التخفيف من وطأة آثار الاحتلال دون أن تعالج أسباب الصراع الجذرية،
- وقدرات السلطة الفلسطينية على الاستيعاب التي باتت تتحمل ما يفوق طاقتها،
- والمشاريع التي تكبد المستفيدين تكاليف متكررة والتي غالباً ما تقوّض الاستدامة في سياق فلسطين،
- والمشاريع التي تستجيب بصورة عامة لعدد مجزأ من الطلبات والتي لا تعزّز (تشكل) بالضرورة نهجاً إستراتيجياً أو قطاعاً أو أهدافاً ما مرتبطة بالتعاون.
- واستجابة المشاريع بصورة عامة لعدد مجزأ من الطلبات، وبذلك فإنها لا تعزّز بالضرورة من النهج الإستراتيجي الذي يعتمده الاتحاد بشأن قطاع ما أو أهداف التعاون.

كما تواجه فعالية المشاريع وكفاءتها عائقاً يكمن في الآليات المالية والإجرائية الباهظة والتصميم السطحي.

ويساهم الدعم الذي يقدمه الاتحاد الأوروبي للاجئين من خلال الأونروا مساهمة فعالة في تحقيق التنمية البشرية للاجئين ودعم الاستقرار والسلام على الصعيد الإقليمي وذلك من خلال تعزيز قيم الكرامة، والتسامح، والإنسانية، والتضامن التي يجلبها الاتحاد الأوروبي في أوساط اللاجئين. وتوزّع الأونروا الخدمات الأساسية ذات المعايير الجيدة في بيئة قاسية،

² انظر ديوان مراجعي حسابات الاتحاد الأوروبي، التقرير الخاص رقم 14، للعام 2013، الموجز التنفيذي، الفقرة 4، وأيضاً الفقرات 40-41، الصفحات 20-21. وانظر أيضاً الفقرة 55 التي تشير إلى عدم توفر معلومات لدى الاتحاد الأوروبي بشأن ممارسة الأفراد الذين قد يكونون بدون عمل. وانظر أيضاً الفقرات 55-56 التي تُعنى بالاتصالات ومخاطر الفساد. ومن الجدير ذكره في هذا السياق أن عدداً من الفلسطينيين أخبروا المقيمين بأنهم يعتقدون أن المسائل مثار الاهتمام بالنسبة إليهم لا تكمن في عدم قدرة الأفراد على العمل (وهو ما يعود لأسباب سياسية إلى حد كبير) ولا في الفساد بالقدر ذاته، بل أنها تتمحور حول المحسوبية غير الشفافة وتعيين الأفراد الأقل كفاءة وتوظيفهم لأسباب ترتبط بالولاء السياسي.

حيث أنها تواجه طلباً متزايداً على الخدمات دون أن يقابل ذلك توسيع لميزانيتها. ولكن وبالرغم من الإسهامات الكبيرة التي قدمها المسار 3 من مسارات تعاون الاتحاد الأوروبي في تحقيق أهداف الاستقرار والسلام على الأمد الطويل وتحسين ظروف الحل النهائي، فإنه -وعلى النحو الذي ينشط عليه حالياً- لم يقدم سوى إسهامات محدودة في إحراز الأهداف السياسية المتمثلة ببناء دولة قابلة للبقاء ومتصلة جغرافياً. وبالتالي، يتعين العمل على مواصلة تحسين فعالية تقديم الخدمات تعزيزاً لجهود الإصلاح المتواصلة والتي تضم ما يلي:

- زيادة مساءلة تقديم الخدمات أمام اللاجئين على وجه الخصوص والسكان الفلسطينيين على وجه العموم،
- وتعزيز نظام الرصد والتقييم القائم على النتائج مع التركيز على المعايير وجودة تقديم الخدمات،
- وزيادة أوجه التكامل بين المسارين 1 و 2 بهدف النهوض بمستوى نتائج وإصلاحات قطاعي التعليم والصحة،
- والنهوض بمستوى التعاون مع السلطة الفلسطينية مع السعي إلى توطيد أواصر التعاون في المجالات ذات الاعتماد المتبادل والميزة النسبية،
- وتعزيز الشراكة مع المجتمع المدني،
- والتركيز على الولاية الأساسية للأونروا،
- وتحديد أولويات التخفيف من وطأة الفقر، والحد من مكامن الضعف، وتقليص اعتماد اللاجئين على الأونروا متى كان ذلك ممكناً،
- وتطوير المزيد من أوجه التكامل للتعاون الثنائي بين الاتحاد الأوروبي والأردن.

(3) الجهات الفاعلة والتحالفات الإستراتيجية:

أقام الاتحاد الأوروبي شراكات متينة نسبياً -تدعمها الأهداف والحوار المشترك- مع المجتمع المدني الفلسطيني، والأونروا، والمؤسسات المالية الدولية بغية دعم أنشطة التعاون وزيادة فعالية تقديم الدعم. ومع ذلك، لم يتم استغلال إمكانية هذه التحالفات على إحراز التقدم صوب تحقيق الأهداف السياسية التي يتوخاها الاتحاد الأوروبي في فلسطين لعدم توافر إستراتيجية واضحة، ومحدودية الموارد البشرية، والافتقار للدعم السياسي.

وما فتأ الدور الذي يضطلع به المجتمع المدني ومشاركته في تحديد السياسات بتزايدان، بما في ذلك مشاركته في تحديد خطط التنمية الوطنية، والتشاور حول السياسات الوطنية، والمشاركة في الحكم المحلي. ولطالما دعم تعاون الاتحاد الأوروبي هذا التحول الأخير في دور المجتمع المدني ومشاركته من خلال تعزيز مشاركة المجتمع المدني بقوة أكبر في المشاورات التي تُعقد بشأن اللجان الفرعية لسياسة الحوار الأوروبية والحوار الذي يجري مع السلطة الفلسطينية حول السياسات المحلية. وقد جرت إعادة تحديد أولويات البرامج المواضيعية بالتشاور مع المجتمع المدني الذي فضّل توجيه الدعم للحكم والحوار الذي يُعنى بالسياسات. وقد جرت إقامة حوار نشط ومتواصل بين مكتب ممثل الاتحاد الأوروبي أو بعثة الاتحاد الأوروبي والمجتمع المدني. ويحدّد إطار الدعم الواحد زيادة مشاركة المجتمع المدني بصفته شريكاً في التعاون وأحد الجهات الفاعلة في الحكم المحلي كالتزام إستراتيجي.

وبالرغم من تحول النموذج وزيادة مشاركة مكتب ممثل الاتحاد الأوروبي أو بعثة الاتحاد الأوروبي في الحوار الذي يُعنى بالسياسات والحكم، لا تزال قدرات المكتب أو البعثة على إقامة شراكة فعالة عبر قطاعات التعاون وإتخاذ تدابير مؤقتة (الآلية الفلسطينية الأوروبية للإدارة والمساندة الاجتماعية-الاقتصادية، والأونروا) في مرحلتها الأولية. وتتمثل العوامل الحاسمة التي تحدّد من زيادة مشاركة المجتمع المدني في تحديد السياسات بتحديد إستراتيجية وخطة عمل تحظيان على الموافقة الواضحة، وتوافر الموارد البشرية في مكتب ممثل الاتحاد الأوروبي أو بعثة الاتحاد الأوروبي، والقدرة/ الاستعداد على تقديم الدعم السياسي الكافي لشراكة من هذا القبيل.

تستند الشراكة التي أقامها الاتحاد الأوروبي مع الأونروا على اتفاقيات التعاون المتينة التي أبرمتها المؤسسات منذ فترة طويلة. ويتميّز الحوار القائم بين المؤسساتين بكونه سلساً، ومنظماً، وبناءً. وما فتأ الاتحاد الأوروبي يعمل مع الأونروا بغية زيادة شفافية الميزانية ودعم الإصلاح. ولكن وبالرغم من تلاقي المؤسساتين في الهدف الذي تسعى إلى تحقيقه والذي يتمثل بالتوصل إلى حل ثابت لمنحة اللاجئين الفلسطينيين وإدراكهما إمكانية أن تكون الأونروا شريكاً ثميناً في العمل صوب التوصل إلى هذا الحل، فإنهما لم تتخرطا في العمل المتبادل على تحقيق الأهداف السياسية التي يصبو إليها الاتحاد الأوروبي إلى تحقيقها. وعليه، يمكن للأونروا أن تضطلع بدور أكبر في النهوض بمستوى أداء جودة الخدمات التي تقدّمها السلطة الفلسطينية والأردن، وهو ما من شأنه أن يمهد الطريق أمام تلاقي أهداف المؤسساتين.

اضطلع الاتحاد الأوروبي من بين الجهات المانحة والدول المضيفة بدور قيادي في تقديم الدعم السياسي الكامل لعمليات الإصلاح التي تنفذها الأونروا. ومع ذلك يتعين على الاتحاد الأوروبي أن يزيد من الضغوط الرامية إلى مساءلة عملية الإصلاح أمام اللاجئين الفلسطينيين وتمكينهم من المشاركة على نحو منهجي ويمكن التنبؤ به في الحوار، وعمليات الإصلاح، وتقييم الخدمات.

ولطالما عمل الاتحاد الأوروبي عن كثب مع المؤسسات المالية الدولية في فلسطين، حيث أنه ما يزال يرتبط مع هذه المؤسسات بعلاقة عمل ممتازة، ويبقى على اتصال متواصل تقريباً معها في التبادلات التي تُعنى بإعداد الميزانية الخاصة بالسلطة الفلسطينية وإنفاقها، وفاتورة الأجور، وتدفعات الإيرادات، وإدارة الاقتصاد الكلي مجملها. ويعوّل الاتحاد الأوروبي على صندوق النقد الدولي في الحصول على المعلومات التي من شأنها أن تثير إحاطاته الداخلية وحواره مع السلطة الفلسطينية في خطة العمل وبرامج الدعم التي تُعنى بالمساعدة المالية، ولا سيّما في مجال التركيز على الحكم. ولطالما تميّزت العلاقة التي أقامها الاتحاد الأوروبي مع البنك الدولي بكونها وثيقة ومثمرة، بما فيها منتديات الجهات المانحة الرسمية،

والمشاورات غير الرسمية، والشراكة في مجموعة واسعة من الأنشطة ذات التمويل المشترك أو المتوازي. وسعى البنك الدولي والاتحاد الأوروبي لرعاية المزيد من أوجه التآزر - بما في ذلك استغلال الحوار بشأن السياسات - بين الجهات المانحة، وهو ما أفضى إلى تقديم المساعدة المالية المباشرة للسلطة الفلسطينية.

4 تنفيذ الاتحاد الأوروبي:

الحكم: لقد تحققت نتائج إيجابية في هذا المضمار. فما يزال برنامج الاتحاد الأوروبي للحكم الرشيد يضطلع بدور فعال للغاية في بناء مؤسسات السلطة الفلسطينية القادرة على أداء بوظائفها. وكان من شأن الآلية الفلسطينية الأوروبية للإدارة والمساعدة الاجتماعية-الاقتصادية والدعم المالي المباشر إلى جانب البرامج الأخرى - بما فيها أجزائها التي تُعنى ببناء القدرات - التي ينفذها الاتحاد الأوروبي من خلال التنسيق الوثيق مع الشركاء الآخرين في التنمية أن ساعدت على الحفاظ على مؤسسات السلطة الفلسطينية وتقويتها. وأكد المجتمع الدولي خلال اجتماع لجنة الاتصال المخصصة الذي عُقد في أيلول 2011 على وجهة نظر البنك الدولي المتمثلة بأن "المؤسسات العامة الفلسطينية تُفازن بإيجابية مع المؤسسات في البلدان الأخرى في المنطقة وخارجها وذلك في المجالات التي تكتسب فيها فعالية الحكم القدر الأكبر من الأهمية، وتحديدًا في مجالات الأمن والعدالة، وإدارة العائد والإنفاق، والتنمية الاقتصادية، وتقديم الخدمات."

ولكن وفي أواخر عام 2011 اتضح بأن بناء مؤسسات للسلطة الفلسطينية قادرة على أداء وظائفها لا يعادل بناء حكم رشيد وديمقراطي. إذ تسبب غياب المساءلة والشفافية ومحدودية ملكية السلطة الفلسطينية وقدرتها واستيعابها للإصلاحات مجتمعةً بتناقض عائدات الجهود التي بذلها الاتحاد الأوروبي بشأن بناء المؤسسات والحكم الرشيد تناقصا متواصلًا بين عامي 2011 و2014.

وبالرغم من النتائج الهامة والإيجابية التي أفضى إليها مجال التركيز على الحكم، تم تفويت عدد من الفرص والدروس تتمثل بما يلي:

- الفرص التي جرى تفويتها في استخدام الآلية الفلسطينية الأوروبية للإدارة والمساعدة الاجتماعية-الاقتصادية والدعم المالي المباشر بغية تحقيق المزيد من الفعالية في بناء المؤسسات ولا سيّما في التعليم والصحة،
- والفرص التي جرى تفويتها جزئياً في استخدام التعاون مع الأونروا بغية تحديث مؤسسات السلطة الفلسطينية بالرغم من اعتراف التقييم بأن الاتحاد الأوروبي ما فتأ منذ عام 2011 يعزّز التعاون بين الأونروا والسلطة الفلسطينية واعترافه أيضاً بأن مؤسسات السلطة الفلسطينية إلى حد ما، ولا سيّما الخدمات الاجتماعية، استفادت من محدودية فعالية البرامج في مجال تركيز الحكم من حيث تحقيق أهداف الاتحاد الأوروبي التي تتصل بالديمقراطية، والعدالة، وحقوق الإنسان، وسيادة القانون،
- والفرص التي تم تفويتها في التنسيق بين قطاع تركيز الحكم وقطاعي تركيز المياه والقطاع الخاص،
- ومحدودية فعالية الحوار الذي انبثق عن خطة العمل في إحداث تدخلات محددة في برنامج سيادة القانون، وعدم وفرة الدليل على فعالية الدفاع عن حقوق الإنسان بالرغم من المحاولات الاستباقية العديدة التي جرى القيام بها مع السلطة الفلسطينية للنهوض بمستوى الحكم وحقوق الإنسان.

وأحرزت برامج سيادة القانون بعض النتائج الهامة، بما فيها النتائج التي أحرزتها في برنامج سيادة 2 و لجنة الانتخابات المركزية. وحققت بعثة الاتحاد الأوروبي لتنسيق الدعم للشرطة المدنية الفلسطينية إسهامات هامة في تحسين أساليب سيادة القانون وثقافتها، ولا سيّما للشرطة المدنية الفلسطينية. ولكن ما برحت قدرة هذه البرامج على تحقيق الاستفادة تتقلص على الأمد الأطول، وهو ما يعكس الحماس الأقل الذي تظهره السلطة الفلسطينية وحدود الاستيعاب الواضحة لديها لبناء القدرات.

حققت برامج حقوق الإنسان التي موّلتها الصكّ الأوروبي للديمقراطية وحقوق الإنسان وجرى استعراضها إنجازات متواصلة في مخرجاتها، وطوّرت هذه البرامج شبكة كثيفة يمكن تعزيزها بغية زيادة الطلب على حقوق الإنسان وتطوير طرق وسبل أكثر تطوراً من شأنها تلبية هذه الطلبات. ومن الممكن أنه لا يمكن تحقيق أكثر من ذلك في ظل عدم إزالة القيود الملزمة وعدم إنشاء إشراف ديمقراطي للسلطة الفلسطينية.

وفي ضوء السياق المعقّد، افتقرت مشاريع الحكم للمرونة ولم تتم مراقبتها عن كثب لإتاحة إعادة هيكلتها وامتلاكها القدرة على التكيف. ويبدو أن ردّ فعل الاتحاد الأوروبي المشروط على السياق غير المستقر ساهم في تحديد الدعم الذي قدّمه الاتحاد في إطار التعاون لمؤسسات السلطة الفلسطينية الأساسية أكثر ممّا ساهمت في ذلك نتيجة تحليل الاقتصاد السياسي الدينامي، حيث أن هذا التحليل يدمج الحوار بشأن السياسات وحوافز الإصلاحات التي يمكن اتباعها ومراقبتها مدفوعاً في ذلك بالطلب المعزّز. ويعترف إطار الدعم الواحد وخطة العمل المشتركة بهذه النواقص التي حددها التقييم أعلاه.

ومع ذلك وحتى ولو أُجريت التحسينات بحسب الاقتراح الذي ورد في الرصد الموجه نحو تحقيق النتائج وإطار الدعم الواحد، فإن استمرار غياب العملية الديمقراطية وعدم إحراز التقدّم على صعيد إزالة القيود الملزمة يساهمان في التشكيك بشرعية السلطة الفلسطينية وبحدّان من التأثير المستديم، والشفافية، والمساءلة.

تقديم الدعم الاجتماعي: خصّص الاتحاد الأوروبي ما نسبته 70% تقريباً من إجمالي المساعدات التي قدّمها للتعليم، والصحة، والحماية الاجتماعية من خلال الدعم المالي المباشر من أجل دفع الرواتب. وتمثّل الهدف الأساسي من تقديم الاتحاد الأوروبي لهذه المساعدات في مساعدة السلطة الفلسطينية على دفع رواتب موظفي الخدمة المدنية وبالتالي تقديم الخدمات للشعب الفلسطيني. وتُظهر مؤشرات التعليم والصحة عموماً بأن فلسطين تبلي بلاء حسناً في هذين القطاعين بالمقارنة مع البلدان الأخرى في المنطقة. ويتميّز أداء

فلسطين في قطاع الحماية الاجتماعية من خلال برنامج التحويل النقدي بكونه ربيعاً ويحقق هدفه على نحو ممتاز، وهو بذلك يشكل نموذجاً تحتذي به البلدان الأخرى. وفي هذا الإطار يمكن التوصل إلى نتيجة مفادها أن الدعم الذي قدّمه الاتحاد الأوروبي للقطاعات الاجتماعية ساعد على إرساء الأساس لدولة قابلة للبقاء من الناحية الاجتماعية.

وفي ضوء ما تقدّم، كان من الممكن تحسين الأداء في قطاعي التعليم والصحة بسبب مستوى الدعم الذي قدّمه الاتحاد الأوروبي لهما. فعلى سبيل المثال، تدنّت نتائج مادّي الرياضيات والعلوم التي توصلت إليها الاتجاهات في الدراسة العالمية للرياضيات والعلوم قبل أن تتحسن، كما أن تعليم المادتين يفتقر للجودة. في حين أن مستوى تعليم المادتين في غزة يتخلف على نحو متزايد عن نظيره في الضفة الغربية. وبناء على ذلك، يتوصل التقييم إلى نتيجة مفادها أنه كان يتعين على الاتحاد الأوروبي التركيز على أهداف وغايات ومقاصد محددة تُعنى بالتعليم والصحة ورصدها على نحو أكبر بكثير عوضاً عن "تحسين توفير الخدمات الأساسية" بصفة عامة. ويضم إطار الدعم الواحد -الحسن الحظ- مجموعة أكثر شمولاً من المؤشرات إلا أنه من المرئى زيادة توضيح هذه المجموعة (انظر أدناه). وليس واضحاً لماذا لم يعد التعليم والصحة مجالاً تركيز بالرغم من كونهما يستلمان حصة الأسد من المساعدة التي يقدمها الاتحاد الأوروبي. وإن الاستراتيجيات المعتمدة حالياً للقطاع لا تتعدى عن كونها ترشيدياً لاحقاً لما تقوم به الجهات المانحة المختلفة عوضاً عن كونها إستراتيجية تطّعية. وفي هذا الخصوص، شرع مكتب ممثل الاتحاد الأوروبي أو بعثة الاتحاد الأوروبي بالعمل مع الشركاء الآخرين (الدول الأعضاء في الاتحاد الأوروبي وأستراليا) والسلطة الفلسطينية في عام 2013 بغية اعتماد إطار عمل متوجه نحو تحقيق النتائج من شأنه أن يغطي الإصلاحات بشأن السياسات وتقديم الخدمات (التعليم، والصحة، والحماية الاجتماعية). ومع ذلك، وبحلول نهاية فترة إجراء التقييم لم تكن أية نتائج محددة مرتبطة بالبرامج لهذا النشاط قد تحققت.

الاتجاهات في الدراسة العالمية للرياضيات والعلوم:

ترسم نتائج انعدام الأمن الغذائي ملامح وضع بالغ القسوة، حيث تصل نسبة الأسر التي تعاني من انعدام الأمن الغذائي إلى 34% (57% في غزة). وبالرغم من ذلك، فإن نسبة حدوث الإسراف والتجمّع منخفضة انخفاضاً غير عادي، وهو ما يوحي إما أن توزيع الغذاء والبرامج الاجتماعية فعالة للغاية أو أنه يتعين إعادة النظر في المنهجية المتبعة لقياس انعدام الأمن الغذائي. وفي هذا المضمار، تعمل منظمة الأمم المتحدة للأغذية والزراعة (الفاو) لطرح نهج للقياس يستند على الأدلة على نحو أكبر. وكان الاتحاد الأوروبي قد أعد إستراتيجية تُعنى بالأمن الغذائي في عام 2003 والتي من المفيد تعديلها وتحديثها. وقد ارتفع عدد السكان الذين يعانون من انعدام الأمن الغذائي إلى 700,000 شخص في أعقاب الحصار الذي فرضته إسرائيل على غزة. وكان من الاتحاد الأوروبي أن تدخل بصورة ملائمة لتحسين الوضع، إلا أن تدخلاً من هذا القبيل يثير تساؤلاً عما إذا كان الاتحاد الأوروبي والجهات المانحة الأخرى تدفع تكلفة الإجراءات التي يقوم بها الاحتلال الإسرائيلي.

وفي الوقت الراهن، تقدّم السلطة الفلسطينية والأونروا وحماة للفلسطينيين عدداً من الخدمات الأساسية التي تتصل بالتنمية الاجتماعية والبشرية وذلك استناداً إلى مكائهم الجغرافي ووضعهم. وعند النظر إلى هذه الخدمات مجتمعة، فإن فاتورة أجور تقديم الخدمات للفلسطينيين مجملها غير مستدامة. بالإضافة إلى ذلك، تتسبب الممارسات المؤسساتية المتفاوتة (التي ترتبط بالسياسات والإدارة) بإعاقة الجهود التي تُبذل في إطار السعي لبناء المؤسسات الفلسطينية مجملها. وتخضع ميزانية السلطة الفلسطينية بدرجة كبيرة لتكلفة الرواتب والأجور، والتي تخضع بدورها بدرجة كبيرة لتكاليف التعليم، والصحة، والأمن. وقد شكّلت فاتورة الأجور في عام 2003 -على سبيل المثال- ما نسبته 3% من الناتج المحلي الإجمالي، وارتفعت إلى ما نسبته 26% بحلول عام 2006، في حين أنها انخفضت في الوقت الراهن إلى 17%. وبالمقارنة مع البلدان ذات مستويات التنمية المماثلة، تشكّل فاتورة الأجور في فلسطين 10% من الناتج المحلي الإجمالي لهذه البلدان. ونتيجة لذلك، يتبين أن الاتحاد الأوروبي يقدم الدعم لقوة عاملة ليست مستدامة على الأمد الطويل. ويتفق فريق التقييم مع وجهة النظر القائلة أن تقليص حجم فاتورة الأجور تقليصاً سريعاً من شأنه أن يتسبب بتداعيات سلبية وخطيرة، ويشير الفريق إلى أن السلطة الفلسطينية تمكّنت أن تقلص فاتورة الأجور بنسبة بلغت 9% خلال السنوات الأربعة الماضية. ومع ذلك، لا يقتصر تحقيق الاستدامة على التركيز على الحدّ من نمو القوة العاملة في السلطة الفلسطينية لوحده، بل يتطلب أكثر من ذلك.

يتعين إيلاء الاهتمام لإجمالي حجم القوة العاملة التي تقدّم الخدمات الأساسية وكذلك هيكلية فاتورة الأجور التي تتقاضاها، وهو ما يمثل مسعىً ذا شقين. ففي الشق الأول يواصل الاتحاد الأوروبي على الأمد القصير جداً وفي ظلّ ظروف التدهور الاقتصادي بالضغط باتجاه ضبط التوظيف -أي مواصلة اعتماد سياسة التوظيف الصفرية- ومواصلة الحدّ من زيادة الأجور. ولكن الحاجة سوف تستدعي إصلاح الخدمة المدنية والممارسات التي تُعنى بتحديد أجور القطاع العام إصلاحاً أكثر منهجية. وفي هذا المضمار، يتفق فريق التقييم مع بعض الاستنتاجات المحددة التي توصل إليها ديوان مراجعي حسابات الاتحاد الأوروبي التي مفادها أنه يتعين على الآلية الفلسطينية الأوروبية للإدارة والمساعدة الاجتماعية-الاقتصادية/ الدعم المالي المباشر أن تستخدم نفوذها المحتمل لتمويل ثلث فاتورة الأجور التي تدفعها السلطة الفلسطينية. ويتعين إيلاء الاعتبار لمسألة استخدام شروط لمعالجة حجم السلطة الفلسطينية الكلي وذلك بعد تقييم (1) كل طرف والوظائف التي يضطلع بها، و(2) مسألة الموظفين الذين يتقاضون أجوراً ومع ذلك لا يعملون، و(3) المعاشات التقاعدية (غير المستدامة) و(4) التأمين الصحي. وقد يساعد استعراض عن الأنفاق العام من المتوقع أن يصدره البنك الدولي في هذا الشأن. أما الشق الثاني من الاهتمام الذي يتعين إيلاؤه لإجمالي حجم القوة العاملة التي تقدّم الخدمات الأساسية وهيكلية فاتورة الأجور فيتمثل في أنه يتعين النظر على فاتورة الأجور اللازمة لتقديم الخدمات الفلسطينية مجملها على نحو يضم مزودي الخدمات الذين تدفع لهم الأونروا وحماة. ويتعين على الاتحاد الأوروبي بذل المزيد من الجهود الرامية إلى إلقاء نظرة عامة على الأنظمة المتفاوتة وميزانيتها، والعمل على تحسين ترشيدها وتحقيق المواءمة فيما بينها -بالرغم من أن ذلك يمثل مسعىً طويل الأمد يتسبب بإثارة حساسيات سياسية واضحة- إذا ما أراد إعداد إستراتيجية خروج.

القطاع الخاص والتجارة: ترسم خطة العمل (2013) ومسودة إطار الدعم الواحد معالم إستراتيجية لتنمية القطاع الخاص والتجارة. ويعتبر فريق التقييم أن برنامج تنمية القطاع الخاص يتلاءم إلى درجة كبيرة مع الخطط التي وضعتها السلطة الفلسطينية والممارسات السابقة التي اعتمدها الاتحاد الأوروبي في هذا الشأن ويتسق معها. وقد جرت مناقشة الإستراتيجية باستنفاضة في أوساط المجتمع الفلسطيني، حيث أنها مُعدّة على نحو يتيح لها الاستفادة من النجاحات السابقة. وتعالج التداير التي ترد في خطة العمل ومسودة الدعم الواحد المسائل الرئيسية، وتعترف في الوقت ذاته بالعقبات التي تعترض طريق النجاح في تطبيق الإستراتيجية، إلا أن الفريق خلص إلى استنتاج مفاده أن تطبيق إستراتيجية كهذه يمثل توقفاً في ضوء المخاطر الرئيسية الناتجة عن القيود المفروضة على الحركة، والانتفاع من الموارد، والمدخلات، وقنوات التصدير/ التجارة.

لقد ألحقت القيود الإسرائيلية على مدار عشرين عاماً خسائر فادحة بالقطاع الخاص، ولا سيما خلال فترة إعداد التقييم. وبالرغم من أن الاتحاد الأوروبي جَرَبَ عدّة نُهج فيما يتصل ببناء قدرات السلطة الفلسطينية ومن خلال الدعم المالي المباشر الذي قدّمه للجهات الفاعلة في القطاع الخاص، أصبحت الخيارات المتاحة أمامه بحلول عام 2014 تقتصر على تدخلات هامشية بغية تعويض السلطة الفلسطينية والحفاظ عليها وتحضيرها والفلسطينيين لتحقيق النمو في القطاع الخاص عوضاً عن المساهمة على نحو مباشر في ذلك. بعبارة أخرى، ما لم تتم إزالة القيود المزمرة أو تقليصها على نحو كبير، فإنها سوف تجعل استدامة الجهود التي تُبذل لتعزيزها لتنمية القطاع الخاص وزيادة هامش التجارة مثاراً للشكوك.

وضمناً لفعالية القطاع الخاص ودعم التجارة وامتلاكهما للتأثير، تستدعي الحاجة إجراء حوار سياسي وإتخاذ إجراءات سياسية على نحو منهجي، بحيث ينصبّ تركيز الحوار والإجراءات على إزالة القيود المحددة التي تحول دون الانتفاع من الموارد أو فتح ممرات تجارية كفؤة، وهو ما حاول برنامج تنويع التجارة وبرنامج تطوير الأراضي - وهما اثنان من البرامج التي ينفّذها الاتحاد الأوروبي - تحقيقه مؤخراً.

وتكمن الدرجة الثانية من العقبات التي تعترض طريق تحسين تنمية القطاع الخاص -علاوة على المسائل المرتبطة بالقيود المزمرة- في غياب القانونية الاقتصادية في بيئة الأعمال في فلسطين. فبالرغم من الجهود التي بذلتها الجهات المانحة على مدار عشرين عاماً، لم يتم بعد سنّ حقوق الملكية الأساسية الهامة وتشريع الأعمال، بما فيها التداير التي تُعنى بالإيجارات، والتوريق المالي، وإدارة الشركات، والرقابة، والتجارة، ومعايير الجودة.

المياه والمرافق الصحية والأرض: إن القيود المفروضة على قطاع المياه والمرافق الصحية عديدة ومُحدّدة جيداً في تقارير عديدة. وتوحي هذه القيود بأن الجهود التي تبذلها السلطة الفلسطينية فيما يتصل بالتحضير أو التنمية "على المستوى الوطني" ذات تأثير محدود ولا تزال مخوفة بالمخاطر. وتحدّد وثائق التعاون الصادرة عن الاتحاد الأوروبي القيود الرئيسية ومستويات الخطر الإقليمية الاستثنائية العالية تحديداً جيداً وتقدر خطورتها، إلا أن حل هذه المشاكل الكثيرة يقتضي أساساً التحرك على الجبهة السياسية. وبالتالي، فإن الفوائد التي تنتج عن تدخلات الاتحاد الأوروبي محدودة.

وتستند برامج الاتحاد الأوروبي على مقاصد ثابتة نسبياً وتتواءم أولوياتها مع خطط التنمية الوطنية، إلا أن برامج الدعم إنما هي بدون شكّ معقّدة من حيث تحديد الموارد والمساعدة وتقديمها. ويمثّل برنامج إطار الدعم الواحد تحولا من "المياه والمرافق الصحية" إلى "المياه والأرض"، ويعالج المسألة الإقليمية وحل الدولتين بقدر أكبر من الاتساق، علماً بأن حل الدولتين يمثّل الهدف الرئيسي الذي يضعه الاتحاد الأوروبي نصب عينيه. ومع ذلك، يبدو أن القدرة على تجاوز العقبات والمخاطر ضعيفة، حيث بالكاد يتم تحقيق النتائج في الإطار الزمني المحدّد أو بصورة كمية (وهو ما يعود إلى حدّ كبير إلى الاعتماد على النوايا الإدارية أو السياسية الحسنة الصادرة عن إسرائيل أو سلطة المياه الفلسطينية) وغالبا ما تكون فعالية البرامج محدودة بصورة كبيرة. وعلاوة على ذلك، ما تزال المرافق العامة تعتمد إلى حدّ كبير على الدعم الذي تقدّمه الجهات المانحة من أجل تغطية التكاليف التشغيلية والإدارية.

وتتضمن الإستراتيجية الوطنية التي تُعنى بالمياه ومياه الصرف التي أعدّها سلطة المياه الفلسطينية في عام 2013 تغييرات مؤسسية وقرارات بشأن تنظيم التعريفات الجمركية، وإنشاء مرافق المياه الإقليمية، والشخصية الاعتبارية لروابط مستخدمي المياه. ومع أن هذه البنود جميعها تترك تأثيراً واضحاً على سُبل عيش المجتمع الفلسطيني، فإنه لم يتم إشراك المجتمع المدني الفلسطيني في إعداد هذه الوثيقة، كما يتم توجيه انتقادات شديدة بخصوص عدم التنسيق مع سلطة المياه الفلسطينية. وبالتالي، تستدعي الحاجة التأكيد على الدور الذي يضطلع به المجتمع المدني في ضمان نقل المعلومات، والتوصّل إلى رؤية تستند على توافق، وتوفير مساءلة أكثر وضوحاً أمام السلطات.

1. CONTEXT AND METHODOLOGY

The Evaluation of the European Union's co-operation with Palestine and support for the Palestinian People in the period 2008-2013 is part of the 2012 evaluation programme approved by the Commissioner for Development in agreement with the High Representative of the Union for Foreign Affairs and Security Policy and Vice-President of the European Commission, and the Commissioners for Enlargement and European Neighbourhood, and Humanitarian Aid.

The Evaluation was commissioned under the framework Contract for the Evaluation of the European Commission's geographical Cooperation strategies for Asia, Latin America and the Neighbouring Countries (Lot 4) signed between the European Commission and a consortium led by DRN and including ECDPM, ECORYS and PARTICIP.

1.1 OBJECTIVES AND SCOPE OF THE EVALUATION

The Terms of Reference outline two main objectives of the Evaluation of the EU Cooperation with the occupied Palestinian territory and support for the Palestinian People:

1. To provide the relevant external Cooperation services of the European Union and the wider public with an overall independent assessment of the European Union's past and current Cooperation and partnership relations with Palestine;
2. To identify key lessons and to produce strategic, operational and forward-looking recommendations in order to improve the current and future European Union strategies, programmes and actions.

The Evaluation will focus on the EU's Cooperation strategy with Palestine during the years 2008-2013 and particularly investigate:

- The relevance and coherence of the EU strategy, as well as its intended effects, for the ongoing programming period. The relevance will be assessed against development needs as well the political goals that the EU has spelled out for its external action in Palestine;
- The implementation of the EU Cooperation, focusing on impact, sustainability, effectiveness and efficiency, as well as the consistency between programming and implementation. Also the political perspective is important here: the criteria of impact and effectiveness will address changes contributing to the achievement of an *"independent, democratic and viable Palestinian State and a Two-State solution"*;
- The value added of the EU's interventions (at both strategic and implementation levels);
- The "3Cs", which refer to (i) the **coherence** between the EU's interventions in the field of development Cooperation and other EU's policies likely to affect Palestine; (ii) **complementarity** with Member States; and (iii) **coordination** with other donors.

1.2 NATIONAL CONTEXT AND EC COOPERATION RESPONSE

NATIONAL CONTEXT

The Oslo accords gave hope for a settlement of the Israel-Palestine dispute by offering security for Israel and a state for Palestinians. The original interim period of 5-6 years, supported by the international community, was to provide time for Palestinian institution-building and tangible benefits to Palestinians in terms of welfare gains, good governance, and economic growth with opportunities for productive jobs, permitting a transition to a viable, contiguous and democratic State. The EU and other development partners pinned their hopes on that paradigm, which has stretched to twenty years. Despite massive donor assistance over that period, including over 5,5 billion from the EU Institutions³, the most salient fact now is that, overall, the conditions of and prospects for the Palestinians, whether political, social or economic, are today generally worse than in the mid-1990s. Negotiations now underway, led by U.S. Secretary Kerry, recognize that the long-standing paradigm has not resulted in the intended outcomes, while the possibilities of achieving the Two-State solution diminish.

After twenty years, an evaluation of EU Cooperation with Palestine and support for the Palestinian people offers an opportunity to review the lessons learned, assess whether the EU should continue its external action more or less in its present form with minor adjustments, or consider a comprehensive review and modifications in the light of a political environment that has not allowed movement to a Two-State solution. The review is also timely, given the greater focus on development practice in line with the Lisbon Treaty, which mandates policy coherence for development, underlining good governance, human rights, democracy and rule of law as fundamental principles. The Agenda for Change approved in May 2012 aims to make EU development assistance “more strategic, targeted and results-oriented,” closing the gaps between policy in principle and what exists in practice.⁴

The evaluation regards the Cooperation as the entire set of diplomatic, political and financial efforts in the context of the ENP, including coordination mechanisms and relations with Israel as relevant to Palestine and in response to the successive Palestinian Development Plans. The methodology focuses on four clusters of evaluation questions: political coherence, responsiveness, strategic alliances and delivery. As the evaluation could not rely on a country strategy, a national indicative programme or multi-year programming to establish clear baselines or criteria, it looked to the policy pronouncements of the EU, the Action Plans and their reporting, programming documentation, evaluations of various Cooperation components to date, and the views of MS and Palestinians familiar with the Cooperation. In addition, as the overarching Cooperation objectives are fundamentally political with outcomes observable in contextual analysis, the evaluation places strong reliance on the context narrative below which is central to understanding the evaluation’s final conclusions and recommendations.

Dynamic Complexity EU - Palestine Cooperation is dynamic and unique. While the Cooperation uses the same instruments and contractual arrangements employed in other Cooperation engagements, the fundamentals in Palestine are quite different, characterized by ever-changing complexity of geography and governance. As the EU defines it, Palestine has three constituent areas – West Bank, Gaza Strip, and East Jerusalem, each with distinct governance – the Palestinian Authority (PA), Hamas and Israel, all of which overlap, except in East Jerusalem.

The West Bank is fragmented into Areas A, B and C, Israeli settlement areas and areas determined by Israel as closed military zones, none of which have clear boundaries. The PA has civil and security authority in Area A, a collection of non-contiguous Palestinian urban areas (about 18% of the West Bank land area); civil authority but not security jurisdiction in Area B (about 21% of the West Bank

³ The data refer to the period 1994-2013 and includes data retrieved from DEVCO internal dataset, CRIS/Datawarehouse, and data provided in the overview of EU Cooperation with Palestine on Europeaid website, <http://ec.europa.eu/>.

⁴ As explained by EU Commissioner Andris Piebalgs, access at WWW.EURACTIV.COM/DEVELOPMENT-POLICY, March 2013.

land area); and no jurisdiction in Area C, settlements or military zone areas. Nor does the PA have control over any borders, internal or external, including movement of Palestinians from one Area to another. Israel retains full authority over 61 per cent of the West Bank, partial authority in another 21 per cent and asserts full security control in the entire West Bank. From 1994-2014, the Israeli settler population in the West Bank tripled (excluding areas annexed to Jerusalem).⁵ What was intended in 1994 as a five-year interim situation has become a complex reality of expanding settlements, greater restrictions and declining resources for Palestinians.

In the Gaza Strip Hamas has *de facto* control, locked in by physical barriers and a sea blockade imposed by Israel. The Gaza Strip continues to be a source of violence against Israel, provoking security responses.

In Jerusalem, after 1967 Israel annexed the 6 sq. km of East Jerusalem to the 38 sq. km. of West Jerusalem and then another 70 sq. km of West Bank land to the Jerusalem municipal boundaries. Israel does not permit any institution of Palestinian governance in the expanded Jerusalem. Adding to the territorial complexity, UNRWA has responsibility for human development and social service delivery to registered Palestinian refugees in the Gaza Strip (1.2 million of 1.8 million) and West Bank (750,000 of 2.4 million). UNRWA also provides basic services to about 3 million registered Palestinian refugees in Jordan, Lebanon and Syria. The largest number outside Palestine is in Jordan, most of whom hold Jordanian citizenship, except for a number of Gaza refugees in Jordan.⁶

Thus the Palestinian context presents essentially four different authorities responsible for various governmental functions, each with particular territorial and functional mandates, but often overlapping in authority, function and geography with unclear boundaries.

Accountability mechanisms for all four of these authorities to the Palestinian people are very weak or non-existent. Neither Israel nor UNRWA is directly accountable to Palestinians. To some extent the PA is accountable to donors for budget formulation and execution and associated governance measures, to Israel for security, and to Fatah politically. But Fatah lost the last and only national election in 2006. In the absence of fresh elections and a functioning legislature since 2006, there are virtually no tools for democratic governance, transparency or accountability for Hamas or the PA in relation to the Palestinian people.

In assessing the development effectiveness of EU Cooperation with Palestine and support for Palestinians, a pre-eminent consideration is the limited span of control and current legitimacy of the PA, the EU's strategic choice as primary partner for the Cooperation. Even in Area A the PA lacks the most rudimentary attributes of a national government. It does not have a monopoly of force in Area A. Its legal and institutional capacity to mobilize and allocate resources and provide security, justice and basic services is uncertain at any one time, limited by geographic fragmentation, external financial support and relations with Israel. Its fiscal position is largely dependent on the reliability of donors and Israel's transfer of border revenues it collects on behalf of the PA (about 65% of PA revenue in 2012). The PA's ability to design and implement policies and programmes are much more circumscribed than other EU governmental partners, always contingent on political processes, donor dependency and restricted movement and resource access.

Socio-Economic Conditions: Recurring Patterns but Little Overall Change in Twenty Years⁷

During the 2008-2013 evaluation period, economic, fiscal and political circumstances recovered from the turmoil of 2003-2007 with the aid of large donor contributions, but then generally stagnated or deteriorated. Employment, private investment and the tradable sectors' contribution to GDP fell. Growth has been driven largely by external donor contributions, without which the decline would probably have been much more severe. Since 2012 reductions in donor support and resulting contractions in the economy and fiscal stability have highlighted the extent of donor dependency,

⁵ Foundation for Middle East Peace, retrieved February 28, 2014.

⁶ UNRWA Fact Sheet 2012 at www.UNRWA.org

⁷ The source of most information in this section, including Figure 1 is from PCBS National Accounts data and "Area C and the Future of the Palestinian Economy," World Bank 2013 and "Aid Effectiveness in the West Bank and Gaza" World Bank, 2000.

while demonstrating the distorted, hollowed-out nature of the Palestinian economy. Overall the contextual analysis supports the conclusion of declining Palestinian viability and increasing donor dependency.

A longer-term review reveals consistent and persistent patterns of growth and contraction turning on political events, but with an overall downward trend. The long-term view of the context helps to provide a better perspective for reviewing Cooperation coherence and effectiveness over the 2008-2013 period and for considering options for revision of the long prevailing Cooperation paradigm.

Measured by employment, real growth and poverty lines, the overall socio-economic situation for Palestinians in early 2014 is worse than it was twenty years ago. Anomalously, but apparently due to Palestinian resilience and substantial donor efforts, social development indicators for health, education and social protection have been maintained at levels above the average for other countries in the region, although the relative gap between the West Bank and the Gaza Strip is increasing over time.

Growth fell from about 10% in 1993 to minus 4% in 1995 with a subsequent recovery to about 5% in 1999 spurred by donor and modest private investment from 1995 onwards. The second intifada brought GDP contraction of about 9% per year from 2000 to 2002 followed by recovery in 2003-2005, then contraction again with the events of 2006-2007. Growth rates resumed from 2007-2011 driven in the West Bank by (i) donor support for the PA's recurrent expenditures; and (ii) direct support for the Palestinians; and in Gaza through a combination of (a) UNRWA services, (b) direct service delivery, and (c) the role of Hamas, supported by a different set of donors and a brisk tunnel trade at the Egyptian border. In 2012-2013 donor support declined for both West Bank and Gaza Strip where the tunnel trade collapsed in 2013. Growth rates in 2013 are expected to be about zero for West Bank and uncertain for the Gaza Strip. Prospects for improvement are not promising, in the absence of significant political action in favour of the Two-State solution.⁸

Unemployment in 1994-2000 averaged 22%,⁹ slightly higher for Gaza and lower for the West Bank, then rising sharply from 2000 to 2006. Over the evaluation period unemployment remained high, and was projected overall at 23.4% for 2013, higher in Gaza and somewhat lower in West Bank. Figure 1 provides an unfavourable comparison with other countries. Youth unemployment is especially acute in Gaza where almost one of every two young Palestinians is unemployed. The prospects for jobs are so bad that many youth drop out of the labour market which has, in turn, caused the youth labour force participation rate to remain low at 37%. Participation rates for females are an abysmal 17%, one of the lowest rates in the world.¹⁰

The poverty rate averaged 15.6% in the West Bank and 38.2% in the Gaza Strip from 1994 to 1998. In 2011, the last year for which data is available, the poverty rate was about 17.8% for the West Bank and 38.8% for Gaza Strip – a net increase in poverty over the twenty-year period overall.¹¹



Israeli restrictions have been the single most significant obstacle to economic viability and territorial contiguity. Commenting in 2000 on poor economic performance during the period 1994-2000, the World Bank cited “the effects of Israeli closures, permits policies, and other complex restrictions on the movement of people and goods. These restrictions reduced employment

⁸ IMF and World Bank reports to the AHLC, September and March 2013.

⁹ PCBS data, 2014. A quarterly survey on labor force has been conducted by PCBS since 1995.

¹⁰ PCBS data, 2014

¹¹ PCBS data, 2014

opportunities, constrained internal mobility and external trade, and deterred investment.”¹² Commenting again in 2013 on poor economic performance, the World Bank noted “The complex system of restrictions on movement and access imposed by Israel is the most significant impediment to Palestinian private sector growth.”¹³ The World Bank described the restrictions on movement as a “multi-layered system of physical, institutional, and administrative impediments. Physical barriers are compounded by unpredictable regulatory measures and practices - notably the large list of ‘dual use’ items that cannot be imported because Israel regards them as a security risk - and by limited access to water and the electromagnetic system.”¹⁴ The report goes on to note that in addition to the restrictions cited, “the proportion of Area C available for Palestinian economic development is being constricted by the expansion of Israeli settlements.”¹⁵ As documented in the report, since Area C is 61% of the West Bank, prolonged denial of access to land and resources has been particularly detrimental, preventing expansion and generally impacting adversely on real estate and other resource costs for Palestinians in urban Area A to which most of the growing Palestinian population has effectively become restricted over the twenty years of the Oslo process. The Council Conclusions of 14 May 2012 reached similar conclusions, noting developments on the ground which threaten to make a Two-State solution impossible and asserting that the Two-State solution must be maintained¹⁶

Palestinians and donors had expectations that access to resources and markets would improve after 1994, but twenty years later the opposite is true, directly contributing to the downward economic spiral and ever-increasing donor dependency

Political Situation Israeli restrictions are not the only obstacle. The political divisions of Fatah and Hamas continued through early 2014 and Palestinian institutional arrangements mirror those divisions with PA ministries located in Ramallah and Hamas dominant in Gaza. With EU assistance the PA continues to pay its employees in the Gaza Strip although many have not been working. At the same time Hamas now has some 40,000 employees in Gaza delivering services. The bifurcated ministerial arrangements between the PA and Hamas, a direct result of the Hamas – Fatah split, bloat public sector payrolls while resources to support those payrolls diminish. The bifurcation obstructs the elaboration and implementation of development policies. The arrangements make it difficult, if not impossible, to provide for coherent unified institutional development with the result that many would say that Palestinian institutions today are weaker now than in 2000.¹⁷

The institutional network necessary for West Bank and Gaza Strip integration has been damaged. The justice systems in the West Bank and in Gaza have become politicized and subsidiary to the two executives. While, as noted, Fatah lost the 2006 elections, thereby losing their mandate to govern, failure to hold new Presidential elections resulted in the mandate of the PA leadership also expiring in 2009. The PA presidency and governmental structures continue in place through the appointment of “interim” governments. The Palestine National Legislative Council (PLC) has been suspended since 2007 with no new legislation or oversight taking place.

The lack of democratic processes leaves Palestine with virtually no mechanisms for transparency and accountability, little public space for debate and dialogue, and bereft of economic legality to encourage investment.

¹² “Aid Effectiveness in the West Bank and Gaza,” World Bank, 2000, para.2.8.

¹³ “Area C and the Future of the Palestinian Economy,” World Bank, 2013, para.5. The report states Israel’s rationale for the restrictions is the protection of Israeli citizens; but also notes that several observers perceive the need to protect Israeli settlers as the key driver behind many of the restrictions imposed on Palestinians in Area C, para. 10.

¹⁴ Ibid.

¹⁵ The report notes that overall the number of settlers in the West Bank more than tripled from 1993-2011 para.10

¹⁶ Council Conclusions 14 May 2102 paragraph 5, Brussels 2012. The language of the Council Conclusions is direct, unambiguous, stating that “the viability of a two-state solution must be maintained.” And again in para. 6, “Concerning these developments, the EU reiterates its positions and determination to contribute to maintaining the viability of the two-state- solution in accordance with international law and its positions, including the conclusions of the EU Foreign Affairs Council in December 2009, December 2010 and May 2011.”

¹⁷ A number of Palestinians from the private sector, academics and lawyers, former senior officials and a number of officials of MS who had served in Palestine before the second intifada commented to the evaluation team on the institutional progress that had been made by 2000 in both Gaza and West Bank. Their views on institutional progress consider all of Palestine, not only the PA.

Meanwhile Palestinian institutions struggle to maintain identity and service provision in East Jerusalem where Palestinian political institutions and many civil organizations have been prohibited.

Peace talks resumed in July 2013 under the aegis of US Secretary of State Kerry in collaboration with the Office of the Quartet Representative. The discussions include an Economic Initiative aimed at improving the Palestinian economy through actions by both the Palestinians and Israel, with reliance on private-sector-driven growth to restore economic and fiscal viability and contribute to employment and overall stability. The Initiative is expected to dovetail closely with the still forthcoming PNDP for 2014-2016. Political outlines for restoring legitimacy and good governance and arrangements for Gaza are unknown at the time of writing.

EU RESPONSE

EU External Action The normative framework for the EU's Cooperation - consistent since at least 1994 - is described above. To recap briefly, the EU has emphasized the core ENP policy principles of stability, good governance, security and well-being through achievement of a Two-State solution to the Israeli-Palestinian conflict, with the State of Israel and an independent, democratic, viable and contiguous State of Palestine living side by side in peace and security. Council Conclusions have declared Israeli settlements and annexations beyond the 1967 lines illegal; condemned the Gaza blockade and violations of human rights and international humanitarian law; called for abatement of Israeli restrictions on movement and resource access; urged Palestinian reconciliation; and called for Jerusalem to be a Two-State Capital.¹⁸

A Four-Pronged Strategy In pursuit of the policies and principles outlined in the Council Conclusions, the EU has pursued a four-track strategy:

- State-building with a focus on the PA and its institutions;
- developmental assistance with three focal sectors: governance, private sector development and trade; and infrastructure, particularly water and land development;
- basic service delivery to Palestinian refugees through UNRWA; *and*
- humanitarian assistance.¹⁹

To implement its strategy the EU has deployed a wide range of instruments including substantial financial assistance and extensive diplomatic and policy dialogue. The PA, as the EU's institutional focus for State-building, is a participant in the 1997 Interim Association Agreement on Trade and Cooperation and enjoys the status of a partner in the ENP. In 2005 the EU and PA agreed on an Action Plan to support the PA's reform agenda followed by a Joint Action Plan agreed in 2013.

EU Financial assistance to the Palestinian people started in 1971 with contributions to UNRWA. Since 1994, with the emergence of the PA, the EU has provided approximately €5.5 billion²⁰ in support of the Palestinian people, becoming the single largest provider of financial assistance. Almost more than a half of that financial assistance has been committed since 2008, and in particular 88% through the EU Development and Cooperation Directorate (DEVCO) and the remaining 12% through the European Community Humanitarian Office (ECHO), see chapter 1.3 Within DEVCO funds, the single largest portion (56%) of this assistance has gone to the first track of the strategy, namely support for the PA for provision of services and State-building. The second largest portion (26%) has gone to support for refugees through financial assistance to UNRWA's core budget. A third portion (18%) of the EU Cooperation has been dedicated to developmental and service provision interventions in East Jerusalem, and to the three focal sectors.

¹⁸ Council Conclusions of December 2009. Council Conclusions of May 2012 are explicit in these matters, expressing determination to maintain the two-state-solution and stating "Settlements remain illegal under international law, irrespective of recent decisions by the government of Israel."

¹⁹ Humanitarian assistance provided by ECHO is not within the scope of this evaluation.

²⁰ The data refer to the period 1994-2013 and includes data retrieved from DEVCO internal dataset, CRIS/Datawarehouse, and data provided in the overview of EU Cooperation with Palestine on Europeaid website, <http://ec.europa.eu>.

Over this period a stasis emerged, characterized by consolidation and expansion of settlements, a reduction of resources available to the Palestinians, high unemployment, entrenched fragmentation, and loss of accountability. At the same time population increases, demands associated with declining economic opportunities, and an increasingly donor-dependent economy have brought yet greater budget crises for the PA and UNRWA, with probable reductions in service delivery and an increase in insecurity.

In late 2011 and afterwards, when it became obvious that PA Prime Minister Fayyad's State-building programme would not be followed by a Two-State resolution, EU Local Strategy papers and heads of Mission notes signalled the need for a new direction, recognizing more explicitly the reality on the ground and the Cooperation's limited impact on the Two-State solution and even on the binding constraints.

In late 2013 EUREP advanced a Single Support Framework (SSF) – a shift from annual to two-year programming, except for PEGASE DFS, UNRWA and East Jerusalem which would continue as "Temporary Support Measures" programmed on an annual basis. Intended to reflect the LDS and a clear division of labour between MS and the EU and guided by the Financing for Development principles of an integrated approach, the SSF seeks to advance the Agenda for Change, aligning with the ENP Joint Action Plan for policy dialogue and the PA's PNDP (2014-2016). A final version was not yet available at the time of writing the report²¹.

²¹ The PNDP was not yet available by the time of preparation of the final report; a draft was prepared and circulated to the Donor Community for discussion on the 12th of March 2014 (communication of EUREP, April 2014)

1.3 SPECIFIC NATURE OF THIS EVALUATION

The need for an adapted evaluation approach

This Evaluation has a number of unique features, which call for an adapted evaluation approach. First and foremost, Palestine does not have the basic attributes of a State. Its span of control over its territory, resources and people is severely limited by longstanding Israeli occupation, taking place in a conflict-ridden regional environment. The traditional *'bilateral'* relationship between the EU and partner countries therefore does not apply here. It makes little sense to assess the impact of Cooperation efforts without taking into account a wide range of binding constraints, resulting from occupation, that fundamentally affect outcomes and the sustainability of EU support. This implies also bringing Israel systematically into the equation and looking at how the EU addresses these binding constraints through its partnership with Israel. Second, the whole partnership with Palestine is underpinned by a set of clear political ambitions, expressed in numerous high-level EU policy pronouncements, geared at promoting peace through a "Two-State solution" and the establishment of an independent, democratic and viable Palestinian State. In such a context, EU 'Cooperation' has to be seen as a key tool in furthering not only development goals but also this explicit political agenda.

The section below briefly examines this specific context and draws some methodological implications for the conduct of this evaluation

EU, Palestine and the Peace Process

The EU has played a central role in the Middle East peace process (MEPP). From as early as 1971, in the so-called Schuman Document²², the EC Council of Ministers proposed to adjust the borders between the Palestinians and Israel. Over the next three decades a wide range of other EU policy statements were made, all calling for the establishment of a Palestinian State on the basis of the 1967 borders. More recently a new stream of Foreign Affairs Council Conclusions and Communications (Council Conclusions of on MEPP- 8 December 2009, 14 May and 10 December 2012 - COM (2010) 207, COM (2011) 303) reiterated the EU's commitment to a Two-State solution with pre-1967 borders and Jerusalem as the future capital of both States, subject to agreement by the parties. Notably the Council Conclusions of December 2009 advocated renewed EU engagement with Palestine on the basis of the increased capacity of the PA to implement its reform agenda and within the ENP²³.

The EU also expressed its commitment to support Palestinian reconciliation as outlined in the Foreign Affairs Council Conclusions of 23 May 2011 – COM (2011) 303, noting that the situation in and around the Gaza Strip remains fragile and unsustainable as long as it remains politically separated from the West Bank. The EU called for the immediate, sustained and unconditional opening of crossings for the flow of humanitarian aid, commercial goods and persons to and from the Gaza Strip and in particular between the Gaza Strip and the West Bank. The EU has been consistent in recognizing and calling for the applicability of international humanitarian law, including the applicability of the fourth Geneva Convention for the protection of civilians and respect for international human rights obligations to Palestinian prisoners.

Council Conclusions of December 2013 reiterated earlier Conclusions, stating the EU's *"readiness to contribute substantially to post-conflict arrangements for ensuring the sustainability of a peace agreement."* The Council Conclusions again deplored *"Israel's expansion of settlements which are illegal under international law and constitute an obstacle to peace"* and expressed grave concern over other conditions that undermine negotiations.

The Lisbon Treaty (2009) introduced changes designed to improve the coherence and effectiveness of EU external action, notably by enhancing coordination. However the opportunities for leveraging change depend on the views of Member States (MS). The consensus approach favours non-confrontation in the use of instruments when the MS lack full agreement, as is sometimes the case

²² The Schuman Document is a joint working paper (not an official document) of the EEC issued July 21, 1971 suggesting borders for Israel.

²³ European Union – Palestinian Authority Action Plan, Political Chapeau, April 2013.

for Israeli-Palestinian issues²⁴. Although it has no formal role in the Palestine Cooperation decision-making process, the European Parliament has a degree of influence and oversight following enactment of the Lisbon Treaty²⁵.

Regional Strategies and Policy Framework

The EU's strategic objectives with its neighbouring countries, including Israel and Palestine, have been developed mainly through two complementary frameworks that evolved over time: (i) the Euro-Mediterranean Partnership launched in 1995 and (ii) the European Neighbourhood Policy (ENP), developed in 2004 and establishing the principles for Association Agreements with particular countries. Palestine was included in the ENP, the first Action Plan being issued in May 2005 and the second in April 2013, each with jointly agreed priorities and mutual obligations, to be promoted through political and policy dialogue and regularly monitored in terms of progress achieved.

The EU-PA ENP Action Plan of 2005 envisaged a three-to-five-year term but in practice was maintained until a successor Action Plan was adopted in April 2013. The 2005 Action Plan, which covers the entire period of this evaluation, set out an overarching goal *"to create the conditions for developing an increasingly close relationship in preparation for a future Palestinian State"*. It clearly indicates that the Action Plan is part of the EU's response to the PA's political and economic reform agenda.

The 2013 Action Plan is specific in setting out policy objectives and strategy. It reaffirms the EU commitment to a Two-State solution. It provides six principles for resolution of the conflict regarding the application of international humanitarian law, including the Fourth Geneva Convention, the status of East Jerusalem, settlements, demolitions and evictions, the separation barrier, restrictions on movement and access to resources, particularly water, and a solution for refugees.

A substantial amount of resources

Over the evaluation period the EC allocated²⁶ more than **€2.5 billion**²⁷ to Palestine including both DEVCO and ECHO interventions, which amount to €2.2M of Allocated amount (88%) and €311M (12%) of Committed amount²⁸ respectively. The EC's total annual contribution amounts to an average of €422M and represents 5.7% of Palestinian GDP, which corresponds to an average of €98 per capita²⁹; however the contribution had a decreasing trend over the period, see figure 2.

Table 1: DEVCO allocated amount and ECHO Committed amount, 2008-2013, M€

Budget lines DEVCO and ECHO	Allocated amount for DEVCO - Committed amount for ECHO							Total	%
	2008	2009	2010	2011	2012	2013			
DEVCO - geographic budget lines (MEDA/ ENPI)	552.7	177.8	430.2	294.3	323.5	229.0	2,007.4	79%	
DEVCO - Thematic budget lines (EIDHR,DCI-FOOD, IFS)	20.3	97.0	8.5	46.2	38.2	2.7	212.8	8%	
DEVCO Total	573	274.8	438.7	340.5	361.7	231.7	2,220.4	88%	
ECHO total	71.2	66.9	50.9	46.0	42.0	33.8	310.8	12%	
Total DEVCO + ECHO	644.70	341.70	489.60	386.50	403.70	265.50	2,531.2	100%	

²⁴ Discussions in Brussels EEAS, November 2012. See also, Richard Youngs and citations in "After Peace Talks: What next for EU Policy in Palestine?" FRIDE Policy Brief, no. 66 (February 2011).

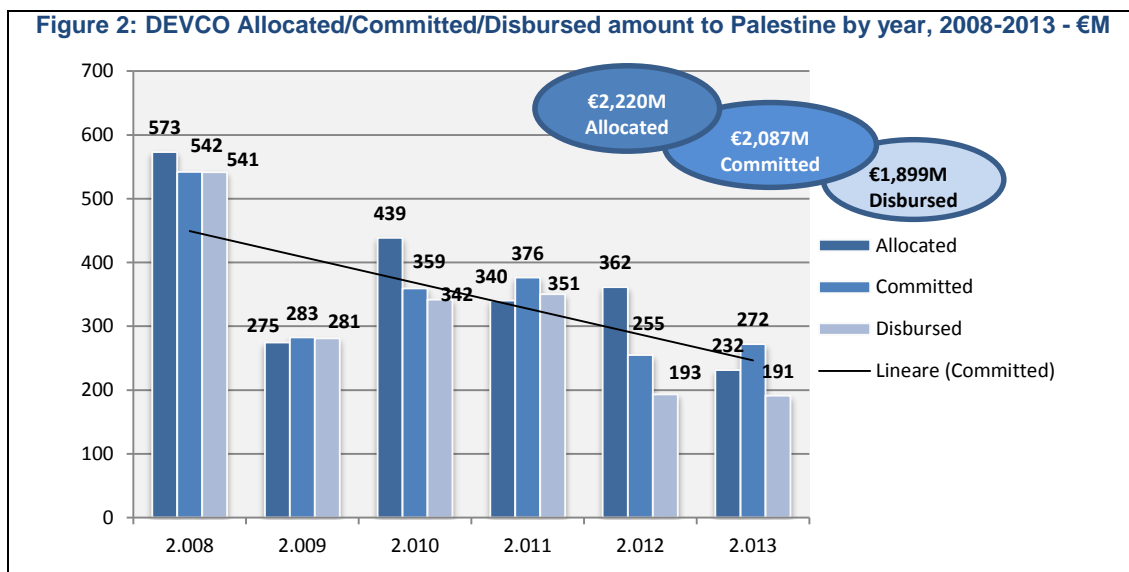
²⁵ The Treaty of Lisbon is aimed at strengthening the capacity of the European Union (EU) to decide and to act, whilst guaranteeing the legitimacy of decisions adopted. It therefore reforms the EU's decision-making process, in particular by amending the legislative procedures in force. Article 289 of the Treaty on the Functioning of the EU now only refers to two types of legislative procedure: 1) ordinary legislative procedure; 2) special legislative procedures. In addition, the Treaty of Lisbon introduces 'passer Elle clauses'. These clauses enable the ordinary legislative procedure to be generalised, under certain conditions, to areas that were initially outside its scope.

²⁶ The allocated amount refers to the global commitment allocated at Decision Level

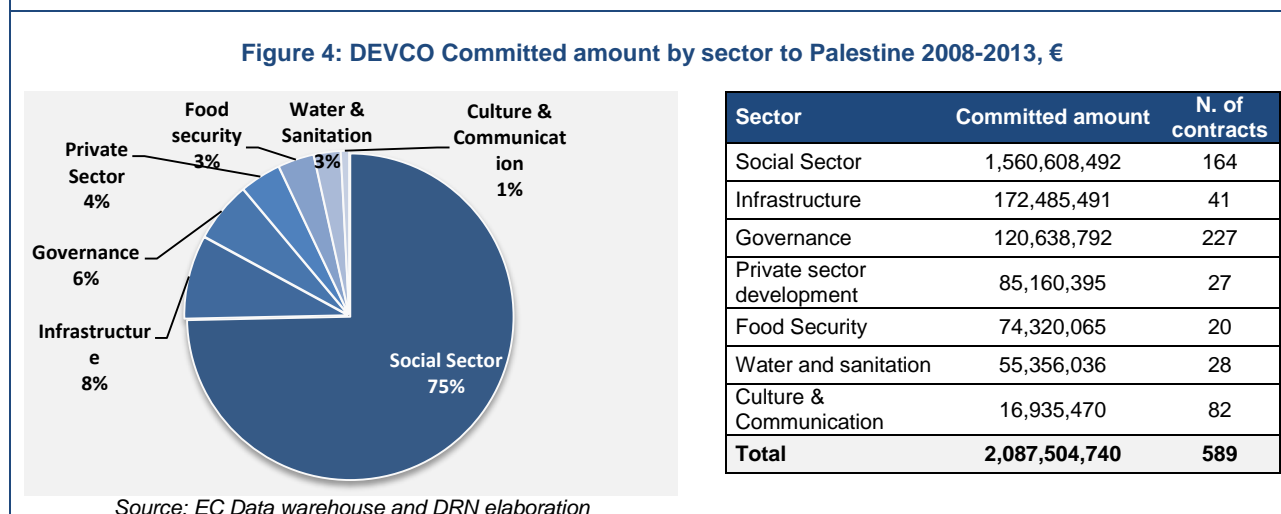
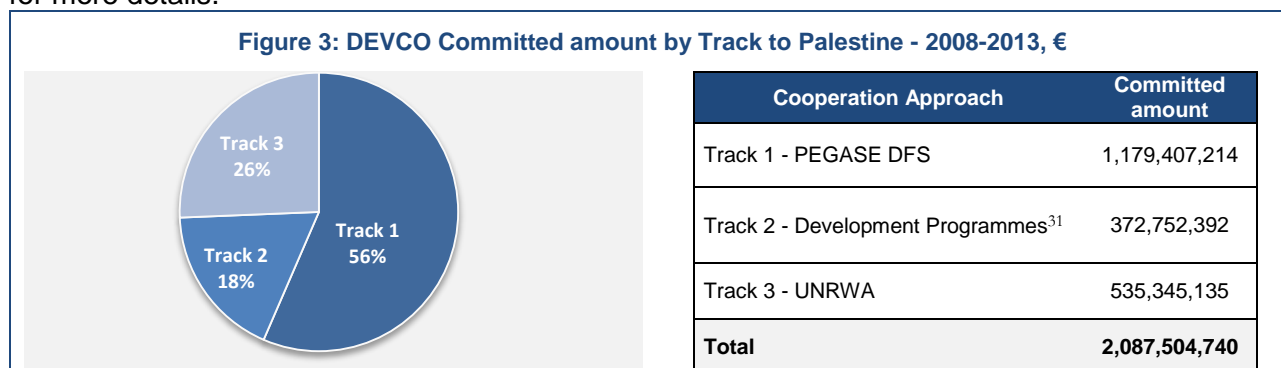
²⁷ The amounts reflect the content of the inventory which is based on the data collected through CRIS and Data warehouse and data received from ECHO, see Annex 7.

²⁸ The Committed amount refers to the single commitment issued at Contract Level. For ECHO interventions, amounts at decision level were not available, therefore, the committed amount has been used in this table in order to have an overview of the EC total amounts.

²⁹ See volume 2 Annex 7 for more details on sources and calculation



The Figure below illustrates how these resources were spent on the different ‘tracks’³⁰ of EU Cooperation. The largest amount is channelled through track 1 (direct financial support) and related PEGASE DFS mechanism (see below). In terms of sector distribution, the social sector receives the majority of funds with a total of €1.6M, see figure 4, mainly channelled through the PEGASE DFS mechanism and in particular to the “Support for Civil Servants and Pensioners” (CSP), “Support for Essential Services and Support” (SEPS) and “Vulnerable Palestinian Families” (VPF); see Annex 7 for more details.



³⁰ The Evaluation constructed EU Aid delivery to Palestine in four “tracks”: 1) Direct Financial Support (DFS); 2) development programmes, 3) support for refugees through UNRWA and 4) Humanitarian Assistance through ECHO. This evaluation only covers the first three tracks.
³¹ Track 2 (Development programme) also includes projects under PEGASE, such as PSRG.

1.4 METHODOLOGICAL CHALLENGES AND LIMITATIONS

Methodology

The evaluation process is structured in four phases: inception, desk, field work and synthesis. During the inception phase the team developed the evaluation framework, with four clusters of Evaluation Questions (see Table 2 in section 2) designed to encompass the political and strategic dimension of the Cooperation with Palestine.

The information supporting the answers to the EQs was gathered through several tools during the desk and field work such as:

- documentation review: detailed screening and analysis of a vast body of literature such as EU strategic documents, EU cooperation reports, studies, other organizations' reports, Civil Society publications, press articles and web pages (see bibliography in Annex 2);
- interviews with key stakeholders: over 150 stakeholders were interviewed in Palestine, Brussels, Israel and Washington, including a broad range of categories (DEVCO, EEAS, EUREP staff, PA senior officials, Civil Society representatives and private sector actors in Palestine, international Civil Society in Europe, staff from EU Delegation in Tel Aviv, international stakeholders and representatives of the EU Parliament);
- focus groups with Civil Society actors;
- comparative analysis of existing independent evaluations and audit;
- comparative analysis of ROM reports (see Annex 11);
- analysis of EU Cooperation portfolio – Inventory 2008-2013 (the approach focused on the overall strategy, complementarities and effectiveness of interventions rather than the delivery and efficiency of single cooperation efforts).

Data was systematically triangulated so as to support findings from at least two different sources. During the synthesis phase continuous exchanges within the team contributed to developing harmonized views, judgments and conclusions that are expressed in this report and thus reflect a consensual view of the full team.

A detailed presentation of the evaluation methodology is described in Annex 5.

Challenges

Considering the 'political nature' of this Evaluation, the team developed a set of evaluation questions (EQs) that moved beyond the more development perspective and fully integrated the various political dimensions including Council Conclusions, statements of the High Representative, and EU relations with Israel in respect of Palestine. This is particularly reflected in the first cluster of EQs that focus on the political aspects of EU-PA relations and on the way in which the EU has sought to advance its political goals for Palestine through interaction with Israel, regional actors and the Quartet. Judgement criteria were shaped to seize this political dimension. In the other clusters of EQs attention was also given to the political dimensions. For instance, in cluster 4 covering development interventions in key sectors (social development, private sector, water) the respective EQs also looked at how the EU has used Cooperation to foster its wider political goals to help with the establishment of an independent, democratic and viable State. It should, however, be noted that there are methodological limitations to this type of assessment and factual observations.

Logistics and availability of data

The evaluation team struggled to relate the complex and evolving political situation on the ground with an objective assessment of what this means for the delivery of EU cooperation.

Two major limitations were encountered.

- *EC interventions' data availability and quality*: the limitations of the analysis are closely related to the quantity and the quality of the information obtained. Availability of information varied between sectors and interventions. In certain sectors (e.g. water) it proved difficult to find

evaluation evidence. The team could rely on a number of qualitative evaluations that helped address this gap.

- *Logistics:* Given the particular political situation of the Palestinian territories it has been difficult to organise site visits and to move the evaluation team to Gaza, where several stakeholders had been contacted for interviews. The team tackled these information challenges by multiplying efforts and sources of information (e.g. documents, interviews, field visits, debriefing meetings, etc.) and effectively mobilising the local experts.

2. ANSWERS TO THE EVALUATION QUESTIONS

Nine Evaluation Questions (EQs) have been formulated to represent and address the fundamental issues with respect to the strategy, objectives and implementation of the EC's Cooperation with Palestine and to assess the extent to which the Commission's objectives were achieved as planned, how they were attained, and what hinders or facilitates their achievement.

Table 2: List of EQs

CLUSTER	Evaluation Questions and Judgment Criteria
CLUSTER A OVERALL COHERENCE OF EU EXTERNAL ACTION	EQ 1 POLITICAL COHERENCE IN RELATIONS WITH PALESTINE; To what extent and how has the EU developed and implemented a coherent political strategy to underpin its relations with the Palestinian Authority and foster its core objectives?
	EQ 2 POLITICAL COHERENCE OF EU EXTERNAL ACTION WITH KEY PLAYERS; To what extent and how has the EU developed and implemented a coherent external action strategy to push for peace and a Two-State solution in its relations with key political players including Israel, regional actors and its partners in the Quartet?
CLUSTER B EU RESPONSIVENES S	EQ3 - EU PROCESSES, RESOURCES AND CAPACITIES; To what extent do EC processes, resources and capacities support political and Cooperation goals in Palestine's complex and volatile environment?
	EQ4 - COOPERATION INSTRUMENTS; Are the different Cooperation instruments adapted, suitably flexible and effective for contributing to political and Cooperation goals?
CLUSTER C ACTORS AND STRATEGIC PARTNERSHIPS	EQ 5 - STRATEGIC ALLIANCES; To what extent and how has the EU engaged in strategic alliances with key actors in-country with a view to enhancing the relevance, outreach and impact of its own political and Cooperation efforts?
CLUSTER D DELIVERY	EQ 6 GOVERNANCE; How effectively does the EC Cooperation contribute to the EU goal of building transparent, democratic and accountable Palestinian institutions, respecting the rights of citizens?
	EQ 7 SOCIAL SUPPORT; Is EC support for the social sector (education, health, social protection and food security) fostering a socially viable State, while improving the social conditions of the Palestinian people?
	EQ 8 PRIVATE SECTOR AND TRADE; Are the EC's interventions for private sector development and trade effectively promoting the goal of an economically viable Palestinian State?
	EQ 9. WATER, SANITATION AND LAND To what extent have the EC's interventions on water and sanitation delivered social and economic benefits (contributing to poverty reduction), supported national institutional capacity (contributing to state-building) and cross border Cooperation (contributing to governance challenges)?

The answers to the Evaluation Questions, presented in this chapter, are articulated at two different levels: i) overall answers to each EQ divided by clusters; and ii) findings articulated by judgment criteria together with the related analysis.

CLUSTER A: OVERALL COHERENCE OF EU EXTERNAL ACTION

2.1 EQ1: POLITICAL COHERENCE IN RELATIONS WITH PALESTINE

To what extent and how has the EU developed and implemented a coherent political strategy to underpin its relations with the Palestinian Authority and foster its core objectives (i.e., the Two-State solution and the establishment of an independent, democratic and viable Palestinian state?)

Summary Answer Box: EQ1 Coherence

EU Cooperation was not fully coherent with its often-declared normative and policy framework for a *democratic, viable and contiguous Palestine*. The EU presented a strategic vision based on clearly articulated principles and policies delivered at the highest levels. But in implementation there was a disconnect between the declared policies and the practice. External action to advance State-building, welfare and short/medium term stability was substantial and largely successful. However, frequent ardent declaratory policies, statements of principles and condemnation of obstacles to achievement of EU objectives were not matched by a political strategy backed by operational modalities to address the binding constraints to viability and contiguity. Over time the incoherence has also operated to undermine the EU goal of Palestinian democratic good governance. The result is a strategy not fully coherent with, and partly counterproductive to, EU aims. The strategy's tactics may have been most relevant in 2007-2009, but as time has passed the factors of incoherence have stood in stark relief against the declining Palestinian economy, eroding institutional capacities and legitimacy, coupled with continued donor dependency.

Recognizing the need for a change in paradigm, the SSF of October 2013 provides excellent contextual analysis, recognizing the binding constraints and the need for emphasis on Area C, East Jerusalem, and renewed focus on democratic good governance, accountability and overall sustainability. It is aligned with the 2013 Joint Action Plan and the LDS. But in its prospective programming the SSF falls into a familiar, traditional pattern of Cooperation implementation: dialogue through six ENP sub-committees and financial assistance at the same historic levels. After six years of "temporary measures", the overwhelming bulk of assistance continues through the "temporary emergency" PEGASE DFS and UNRWA, with the balance for the same three focal sectors.

With aspirational exhortations aimed at PA reform and comments on the risks posed by binding constraints, the SSF contemplates a wide range of activities, some with higher risk profiles. Yet there are no references as to how the risks from the binding constraints will be handled. And there are few concrete actions or processes linking the various tracks – PEGASE DFS, UNRWA assistance and development assistance. SSF emphasis on results-oriented frameworks with specific objectives, indicators and robust risk assessments for each element are significant improvements. But an overall strategy in such a complex environment should link the main Cooperation parts into a coherent, organic whole. However the disconnects and incoherence arising from a compartmentalization of different parts of the Cooperation, and its structurally weak links to political dialogue that have characterized past efforts, remain mostly unaddressed. This is particularly the case in addressing the binding constraints, which the SSF acknowledges are the main, long-standing obstacles to its success, resistant to Cooperation efforts as designed.

The answers to EQ 1 are informed by the overall twenty-year context and based on analysis of the Cooperation as at end-2013. In particular the elements of incoherence between EU goals and practice in the existing strategy and its implementation modalities are as follows:

- The strategy does not bring to bear sufficient resources and actions for effective engagement coordinated with the PA and Israel (see EQ 2) to surmount or at least substantially mitigate the binding constraints to achievement of the EU's overarching Two-State objective, especially for Palestinian viability and contiguity;

- The strategy operates against the EU and has not bolstered the EU's aims of Palestinian democratic good governance, as it lacks mechanisms and incentives for PA accountability and transparency for democratic process in public planning and expenditures.
- The absence of public accountability measures relating to the Cooperation's funding of public services operates against the EU goals of State-building by contributing to erosion of PA transparency and legitimacy and atrophying of resilient institutional capacities built up over time with EU assistance.
- The strategy seeks PA reforms in the three focal areas, but without analysis of the strategic value of the particular sectors from the point of view of EU comparative and added advantages. Other than modest funding for a number of projects of mixed success (see discussion in Cluster Three), the strategy in operation has provided few incentives for desired reform ownership which the SSF notes is essential for Cooperation success.
- Self-imposed restrictions on the scope of political and policy dialogue with respect to the Gaza Strip limit the EU's effectiveness in advancing its Two-State objective.
- The strategy programming lacks the means to calibrate, integrate, adapt, restructure and monitor Cooperation implementation (especially for infrastructure, water, land development, private sector and trade) to reflect the realities posed by the binding constraints on the ground, although the SSF identifies the issues and heads in that direction. *and*
- The strategy lacks mechanisms to achieve the declared EU aims of viability or sustainability as the PA fiscal crises continue unabated, public wage bills grow and the Palestinian economy continues to be hollowed-out and ever more donor-dependent. Perpetuating the strategy may well contribute to longer-term instability as socio-economic indicators deteriorate and institutions decline, while donors tire.

Overview This EQ concerns the overall political coherence of the EU's external action towards Palestine and the Palestinian people. The EU's overarching goals have been stability, peace, prosperity and democratic good governance in the context of ENP norms to be achieved through a comprehensive resolution of the Israeli-Palestinian conflict. Since the 1995 Barcelona Declaration, the EU's policy choices for a comprehensive resolution have been expressed as a Two-State solution including an independent democratic, contiguous and viable State of Palestine. The normative and policy framework has been further delineated with greater clarity over the past four years, commencing with the Council Conclusions of 9 December 2009³², reaffirmed most recently in the Council Conclusions of 16 December 2013. Requiring unanimous support, the Council Conclusions also reveal MS support for the overall framework.

To advance its normative and policy objectives, the EU has pursued a strategy based on four intervention tracks: (i) State-building for Palestine focused on the PA as its partner, (ii) support for Palestinian refugees through UNRWA; (iii); developmental assistance with priorities defined largely by the PDRP and NDP, with EU focus on governance, private sector and infrastructure (water and sanitation); and (iv) humanitarian assistance.³³ In furtherance of this strategy, the EU has deployed an array of instruments providing financial assistance and diplomatic, political and coordination efforts (see Chapter 1 above).

The overall paradigm of the Two-State solution advanced by a four-pronged strategy has been consistent for almost twenty years. The four-track strategy has been largely consistent over the entire twenty-year interim period. The tactics have changed, and funding and modalities for particular components have varied over time as priorities shifted from development to institutional and welfare maintenance.

This EQ asks whether the strategy and its implementation have been coherent with the EU's declaratory policies and norms. This EQ focuses especially on the first track of the strategy: the EU's Cooperation with the PA. EQ2 complements EQ1, taking also into account the EU's relationships with Israel, the Quartet and regional actors. Particular consideration is given to (i) the dynamics of Palestinian fragmentation (political, geographic and economic/social) and (ii) Israeli policies

³² Council Conclusions, Brussels, 8 December 2009. The Council Conclusions also call for the applicability of international humanitarian law, intra-Palestinian reconciliation behind President Abbas and the holding of elections. Concerning Israel, it declared settlements, the separation barrier on occupied land, demolition of homes and evacuations illegal and an obstacle to the two-State solution. It also noted that the EU does not recognize the annexation of East Jerusalem and called for negotiations to resolve its status as the future capital of two-States.

³³ This fourth track, humanitarian assistance provided through EHCO is outside the scope of this evaluation.

(settlements and occupation restrictions) which, taken together, have constituted what are referred to throughout this evaluation as the binding constraints to achievement of the EU's core objectives. This EQ does not consider the efficiency, effectiveness, or specific outputs of particular programmes or projects; it also does not address support for Palestinian refugees provided by UNRWA (discussed in EQ 3) or developmental support (discussed in the fourth EQ Cluster on Delivery – EQs 6-9).

EQ1/JC1 THE EU HAS ELABORATED AND IMPLEMENTED A CLEAR AND COHERENT EXTERNAL ACTION STRATEGY TOWARDS THE PA THAT HAS THE EFFECTIVE SUPPORT OF MEMBER STATES

In summary, a clear strategy is in place with support from Member States (MS), but with a lack of coherence between the strategy and the normative and policy framework.

The field mission, in interviews with MS and present and past PA officials, confirmed the view detailed in the Desk Report that the EU has elaborated a clear external action strategy towards the PA that has the support of MS, as confirmed by a succession of Council Conclusions, the July 2011 Heads of Mission statement and the 2011 and 2013 LDS. There is a well-defined normative and policy framework backed by numerous high-level, specific and sharp political declarations to underpin the strategy

While the strategic approach, with its particular mix of instruments, levels of finance and dialogue structure may have been appropriate in 2007-2009, its relevance, effectiveness, efficiency and coherence has since declined owing to a lack of progress towards a Two-State solution, donor dependency, declining macro and fiscal stability, severe restrictions on access to resources and markets, and expansion of settlements. From 2011 and as reflected in the SSF, *a broad consensus emerged that the external action is not fully coherent with the normative and policy framework and, if continued, may over time be undermining prospects for a resolution of the conflict.*³⁴ This conclusion stems from findings summarized above and discussed further below.

The Strategy in Action From the signature of the Barcelona Declaration in 1995, the PA became a full participant in the Euro-Mediterranean Partnership³⁵ and in 2004 became a partner in the ENP with anticipation of Palestinian statehood.³⁶ The May 2005 Action Plan set out jointly-agreed priorities and mutual obligations for achievement of ENP normative goals³⁷ and EU political objectives for “the establishment of an independent, viable, sovereign and contiguous Palestinian State living side by side with the State of Israel in peace and security.” The Action Plan focused on consolidating “democracy, accountability, transparency and justice in the West Bank and Gaza,” with six EU-PA priorities linked to the PA’s development plans³⁸. The Action Plan was suspended in 2006 but resumed in 2008 and remained in force until March 2013 when an update was adopted.³⁹

³⁴ This consensus was reflected by an extensive literature review, interviews with Palestinians, MS, EUD officials, various CSOs in Palestine, Europe and the US, and other stakeholders including officials of the UN, IMF, World Bank, US, Norway, Switzerland See Annex 3, List of People Met

³⁵ Council of the European Union, Euro-Mediterranean Interim Association Agreement on Trade and Cooperation between the European Community and the Palestinian Liberation Organization (PLO), Brussels, 24 February 1997. The Euro-Mediterranean Partnership which sought to foster a Mediterranean basin region of peace, security and shared prosperity was re-launched in 2008 as the Union for the Mediterranean; see <http://eeas.europa.eu/euromed/Barcelona>, accessed 31 August 2010.

³⁶ European Neighborhood Policy Strategy Paper COM (2004) 373, 12.05.04.

³⁷ EU-Palestinian Authority Action Plan, 2005. The Action Plan also provided for a Joint Committee with four sub-committees to monitor progress.

³⁸ The Action Plan sets out six Actions related to i) institution building and good governance, ii) economic reform and development, iii) trade, market and regulatory reform, iv) energy, environment, transport and science and technology, v) human development and vi) EC-PA Cooperation including targeted financial assistance “focused on the priorities of the Action Plan and Palestinian institution building.”

³⁹ Democratic elections in 2006 gave Hamas control of the PA and the EU withdrew its support from the PA as Hamas. After the Palestinian political party Fatah regained control of the PA in the West Bank in 2007, the EU resumed its partnership with the PA as affirmed in a 2007 statement of Commissioners Ferrero-Waldner and Solana to the Council of Ministers entitled “State building for Peace in the Middle East: An EU Action Strategy” The statement, prepared in anticipation of a donor conference to bolster the PA, included the offer of substantial EU financial assistance for each track of the strategy in 2008, the ENPI funded PEGASE programme became the largest instrument for support for the first track – state building with a focus on the PA.

The 2013 Action Plan presents the December 2009 Council Conclusions as the basis for “renewed engagement with the PA in the framework of the ENP.”⁴⁰ The Action Plan notes that since 2005 EU-PA relations focused on State-building efforts as expressed in the PA’s PRDP, the NDP and PM Fayyad’s 2009-2011 Plan⁴¹. It goes on to state that PA institutions had achieved or exceeded the threshold for a functioning State as affirmed by the World Bank and donors in AHLC meetings in April 2011⁴² and again in March 2012.⁴³ The 2013 Action Plan sets out nine priorities with timelines, indicators and benchmarks for monitoring progress, including PA and EU responsibilities.⁴⁴

Action Plan and Binding Constraints Both Action Plans focus on an agenda largely within the span of the PA’s control. But both Plans explicitly acknowledge that constraints and limitations imposed on the strategy and on the PA by the conflict and occupation had to be taken into account. The 2013 Action Plan specifically notes that its objectives are “linked to the capacity to address the challenges imposed primarily by the occupation, as well as by the current division between the West Bank and the Gaza Strip, the current uncertainties surrounding the PA fiscal sustainability as well as the ongoing lack of progress in the Israeli-Palestinian peace negotiations. These factors seriously jeopardize the achievements of the PA.”⁴⁵ Notwithstanding this explicit recognition of the constraints and their threat to the EU Cooperation strategy’s overall success, beyond declaratory exhortations, there is no reference in the Plans to concrete external action measures in the Cooperation strategy tackling the binding constraints.⁴⁶ There is no cross-reference to Gaza or the Action Plan with Israel other than with respect to labelling products of settlement origin or excluding settlements from EU grants.⁴⁷ Virtually everyone interviewed outside the EU as well as external commentators cited the EU’s failure to address the binding constraints as evidence of incoherence in the overall strategy.

While during the period 2008-2011 there was some reason to defer action until the outcomes of the Fayyad Plan could be determined, by mid-2011 it was clear that there was and would be little progress towards a Two-State solution by 2012. When the PA received non-observer status from the UN, Israel cut off PA remittance income and the US suspended aid, causing further deterioration in the overall situation.

This point in time was critical for the Cooperation as the PA had little to show positively to the Palestinian population and displayed little enthusiasm for reforms in rule of law or what it considered “marginal projects”⁴⁸ as long as the PEGASE DFS and UNRWA funding continued. It was a missed opportunity for a complete review both internally and with the PA, with possible restructuring and reassessment of the activities’ relevance to the EU’s partner of choice.

⁴⁰ EU-Palestine Action Plan, 2013, Political Chapeau, para.1.

⁴¹ “Palestine-Ending the Occupation, Establishing the State” (2009-2011).

⁴² Chair’s summary, AHLC meeting, 13 April 2011.

⁴³ The 2013 Action Plan is specific in setting out policy objectives and strategy. In a section entitled “A commitment to a two-State solution” reaffirms the EU commitment to the elements of a peaceful resolution of the conflict as stated in the December 2009 Council Conclusions and reiterated in the May 2012 Council Conclusions. Referring to these Council Conclusions, it provides six principles for resolution of the conflict regarding the application of international humanitarian law, including the Fourth Geneva Convention, the status of East Jerusalem, settlements, demolitions and evictions, the separation barrier, restrictions on movement and access to resources, particularly water, and a solution for refugees. It also undertook steps that would facilitate the social and economic development of Area C.

⁴⁴ The 2013 Action Plan lists 9 priority objectives. The first priority objective of the 2013 Action Plan is to resolve the conflict based on the principles cited and the establishment of a Palestinian state. Eight additional priority objectives are listed including i) deepening bi-lateral relations toward a full Association Agreement, ii) a state based on the rule of law, respect for human rights and with functioning democracy and accountable institutions, iii) fiscal consolidation and sustainable development throughout the OPT, iv) poverty reduction and social cohesion, v) territorial management and access to natural resources, vi) improvement of education and information, vii) support for the “rights of the Palestinian people in East Jerusalem”, and viii) increase development in Area C.

⁴⁵ Action Plan 2013 Political Chapeau, p.3.

⁴⁶ See also Annex 3/WB&GS/Country Case, p.18, Thematic Evaluation of the European Commission Support for Conflict Prevention and Peace Building” October 2011 which reached the same conclusion based on its research.

⁴⁷ See discussion in EQ 2 below.

⁴⁸ Interview with senior PA official, November 2013. His point was that the EU priorities for reforms in the PA’s water institutions and reforms in justice and rule of law were not the PA’s top priorities at the time and perhaps not since. Moreover the EU had not provided “incentives” to encourage ownership as the PA always knew the salaries would be paid (the “big ticket items”). And that was the incentive for the main area of progress in public financial management – to keep donor confidence. But the rule of law and water reform issues involved difficult internal PA matters over which the EU had little leverage whether in dialogue or finance.

Action Plan and PA Accountability As noted above, while both the 2005 and 2013 Action Plans stress EU norms of accountable, transparent good governance and institution-building, prior to the March 2013 update there were no specific benchmarks or indicators to measure progress in a verifiable way. And it remains the case that in the 2013 Action Plan there are no explicit links or cross-references to the financial support provided to the PA through PEGASE DFS or to coordination with UNRWA, whose efforts dovetail with the PA for service provision (see EQ 5). Thus the Action Plan affords no structured, objective or systematic and transparent way of monitoring or holding the parties responsible and accountable for their undertakings. (This issue is addressed further in EQ 4 and also in EQ 6.)

Action Plan Monitoring In 2008-2009 Action Plan sub-committees met infrequently as the PA reconstituted itself in the very volatile context of Operation Cast Lead. By late 2009 the sub-committees undertook more regular meetings, and in the 2013 Action Plan the number of sub-committees rose from four to six. Progress Reports have been provided annually, increasingly detailed and covering all aspects of the Action Plan 2005, with considerable efforts to enhance dialogue with the PA on the basis of the Action Plan.

From the 2013 Progress Reports, it appears that the quality of the dialogue improved during 2013 and was more focused than previously. Civil Society in both the West Bank and Gaza was also consulted on implementation of the Action Plan before and after each Sub-Committee meeting and during the annual Progress Report exercise on implementation of the Action Plan itself. EUREP's efforts have been aimed at achieving concrete results in terms of the specific commitments contained in the Action Plan, but it is too early to assess the extent to which these efforts are paying off, particularly in the absence of conditionality linked to financial assistance.

Virtually every report notes the binding constraints' adverse impact and urges action for their mitigation. But to whom are these exhortations addressed and with what expectation of action delivering actual results on the ground? Since the Action Plans are between the PA and the EU, the language itself implies a missing third party but the reports' calls for addressing binding constraints find no-one present with incentives or disincentives to respond to their calls. The frustrations of the writers are palpable in the reports' texts.

For priority actions within the span of control of the PA and unaffected directly by the binding constraints, every Progress Report notes in a narrative format actions taken or not taken. Although every report cites cases of lack of action by the PA, there are no apparent specific, predictable and regular consequences – no leverage demonstrated by cross-references or links to any projects or financial assistance provided.⁴⁹

In the minutes of the second EU-Palestine Subcommittee on Economic and Financial matters (Brussels, 20 November 2013), there are references in Section 7 to the importance of demonstrating positive results of DFS. "The EU side mentioned that it was eager to receive a draft of the PNDP 2014-2016, with a strong monitoring system, credible indicators and achievable targets underscoring that it was essential to be able to demonstrate results of the DFS, both to EU Member States (MS) and the European Parliament. Therefore the EU, in coordination with the other direct financial assistance donors, needs to develop a results-oriented framework based on the PNDP 2014-2016, tackling both policy reforms and service delivery. (education, health, social protection). This would help some MS to maintain the same level of financial commitment or augment the share of DFS of their envelope."⁵⁰ However, the minutes provide no evidence or indication of PA ownership of the EU requests. The response recorded from the PA Ministry of Finance was not one of agreement but rather an expression of appreciation of EU assistance and criticism of the donors for lack of coordination. As of April 15 the PA had not yet submitted a final 2014-2016 PNDP including the requested results-oriented framework. Thus the language of the minutes reveals an intention to

⁴⁹ Several interviewees said that apart from public financial management, no serious reform had occurred for several years, with impunity for inaction.

⁵⁰ Report on the second meeting of the EU-Palestine Subcommittee on Economic and Financial Matters (Brussels, 20 November 2013), Section 7, page 8.

move to results-based performance, but lacks evidence of PA ownership or agreement and omits references to specific or direct consequences. The minutes also contain long passages concerning the binding constraints, particularly those relating to Israeli restrictions. “Despite an effort to remain within the technical purview of the Subcommittee, the issue that kept surfacing was the great degree of frustration with the political developments which constitute the most significant obstacle for the Palestinian economy.”⁵¹ Yet nothing in the minutes makes reference to whether or how the two parties, PA and EU, would address those obstacles which they admit are the most significant, highlighting the need for a political track addressing the binding constraints and the lack of coherence in the programme in its absence.

The perception of the situation was summed up by an interviewee from the MS community. Long experienced in support for the Palestinians he maintained that the EU is unwilling or unprepared to link specific measures in the Action Plan to progress in the financial assistance because it is unwilling to take the consequences for applying financial pressure to the PA for non-performance of priority actions in the Action Plan. Another expressed the opinion that over time the absence of meaningful discipline in the process has been internalized by the PA, which has become comfortable with the process, having no reason to alter it and no reason to believe that the large DFS for recurrent expenditures will not continue essentially as it is.

Accountability in PEGASE DFS The main focus of EU assistance for State-building has been the ENPI-funded PEGASE programme which accounted for 66% of EU assistance over the period 2008-2013, amounting to €1.4bn of Committed amount; see Table 3. The PEGASE DFS programme has been intensively reviewed, most recently by the European Court of Auditors⁵². Among its observations the Audit noted that PEGASE DFS has accomplished a great deal through helping the PA meet its obligations to civil employees, pensioners and vulnerable groups. It has also contributed to maintaining the PA administration and essential public services. In undertaking PEGASE DFS, the EU has advanced public finance management and helped the PA manage its budget deficit through reducing net lending and arrears. PEGASE has also provided resources to help revitalize the private sector in Gaza for reconstruction and rehabilitation of assets destroyed in Israeli attacks.

On the other hand the Audit noted the lack of linkage between PEGASE DFS and the Action Plans along with an absence of performance indicators in PEGASE financing documents for measuring results. This absence of monitoring of results linked to the Action Plans or otherwise has:

- deprived the EU of leverage for more efficient and effective service delivery (particularly in the health and education sectors – see discussion under EQ7); *and*
- provided the PA with an opportunity to avoid or postpone much needed governance and civil service reforms to reform the wage bill which threatens the sustainability of the PA’s fiscal position (see discussion in EQ7) and thus the sustainability of the EU Cooperation.⁵³

The pressure of annual programming and lack of reporting of results has also contributed to an absence of PA transparency and accountability to the Palestinian population for the use of the substantial PEGASE DFS funds, undermining the EU’s credibility in respect of State-building.

A number of interviewees commenting on PEGASE DFS said that, over the past few years, in the absence of elections and in the absence of the PLC, the lack of transparency and accountability - combined with a perception that there is no difference between the PA and the Fatah political party - has led to an erosion of the PA’s legitimacy and a view that the PA is following “traditional” Middle East governmental paradigms, that is to say authoritarian, opaque, non-inclusive and unaccountable. One notable head of an NGO and prominent member of the PLC commented that “the PA is unaccountable to the population for the budget since no one can ask questions except donors who do not.” Another said “the PEGASE allocations are outside the realm of accountability

⁵¹ IBID, Executive Summary.

⁵² “European Union Direct Financial Support for the Palestinian Authority” European Court of Auditors, Special Report 14//2013, Luxembourg.

⁵³ See ECA paras. 40-41 see also IMF Staff Report to the March 2013, para 21, repeated essentially the same point in its September 2013 report to the AHLC

or transparency since civil society has not accepted or validated them nor heard of any monitoring or evaluation.”

The Commission and the EEAS have replied to the Audit conclusions and recommendations to the effect that PEGASE DFS was designed without conditionality to ensure that the PA benefits from a predictable flow of funds without risk of periodic delays due to unmet conditions or external factors outside the PA's control. This is considered essential to preserving the PA's continuity in line with the EU's political objective of a Two-State solution. However, the Commission and the EEAS agreed with the Audit Report recommendations to introduce performance indicators.

EUREP has begun to work, first with MS contributing to PEGASE DFS and those contributing to the WB Trust Fund in that direction (as of January 2013). The discussion has been extended to all direct financial assistance donors (including also the US), and a 'direct financial assistance donors group' was initiated (as of May 2013). The EUREP informed that its aims for this work programme as of early 2014 can be summarised as follows:

- a shift towards a results-oriented approach of PEGASE DFS, which would guide/formalise a more structured, coherent results-oriented policy dialogue, and with stronger monitoring and evaluation of EU direct financial support;
- an intention to use national systems and indicators to be developed in the framework of the upcoming PNDP 2014-2016;
- a request to the PA for development of an M&E system to be embedded in the PNDP with indicators and attainable targets;
- pending the establishment of the results-oriented framework, commencement of quarterly reporting covering monitoring on both tracks, and shared with the PEGASE DFS Informal Group members at the latest by the end of the month following the period concerned – starting with the period January-March 2014 (last report not available on April 15).

As of April 15, 2014, PA agreement on and ownership of a developed results-based performance and monitoring systems remained uncertain. In addition, there was no indication that performance failures would be directly linked to financial or technical assistance levels or to any other specific action bound incentives or disincentives.

Table 3: DEVCO Committed amount under PEGASE by mechanism⁵⁴, 2008-2013, €

	2008	2009	2010	2011	2012	2013	Total	% on total
Total Committed amount	542,201,057	282,595,114	359,488,166	376,404,759	254,839,082	271,976,563	2,087,504,740	100%
of which PEGASE	437,972,561	63,928,682	273,388,004	220,128,920	169,662,834	203,770,818	1,368,851,818	66%
<i>of which</i>								% on total PEGASE
DFS - CSP 8(Support for Civil Servants and Pensioners)	267,000,000	42,500,000	171,400,000	142,200,000	103,800,000	117,450,000	844,350,000	62%
DFS – VPF (Support for Vulnerable Palestinian Families)	37,795,000	8,175,000	39,500,000	29,000,000	36,193,879	43,195,268	193,859,147	14%
DFS – SEPS (Support for Civil Servants and Pensioners)	105,930,000	700,000				13,000,000	119,630,000	9%
DFS - (Private Sector Development)	10,000,000	27,486					10,027,486	1%
DFS - technical support	2,850,723	1,884,865	60,565	2,072,105	95,672		6,963,930	1%
DFS - (Payment of salaries to the Civil Police and Civil Defence)	4,500,000			76,652			4,576,652	0%
<i>Development Programmes (including PSRG)</i>	9,896,838	10,641,332	62,427,439	46,780,163	29,573,283	30,125,550	189,444,604	14%

Source: Datawarehouse and DRN own elaboration

⁵⁴ The data are the result of the elaboration of the inventory. They have been compared with the data presented in the Audit Report 2013 and are consistent.

Programming. There are no direct Links to Action Plans or contingencies for Past Performance or Ownership. A review of all Commission decisions on Cooperation actions indicate that the situation in Palestine discouraged the use of a multi-year strategic document and that all actions were taken on the basis of special measures on an annual programming basis.⁵⁵ During the 2008-2013 period, although programming was developed on an annual basis in the absence of a Country Strategy Paper (CSP) or National Indicative Programme (NIP), the Service Orders and the Action Fiches for each project within the Cooperation set out a rationale, drawing attention to their alignment and compatibility with the PA development plans.⁵⁶ This form of programming is justified as temporary, emergency programming under the new SSF. At least for the three focal sectors, programming is to be two-year-based, allowing some room for mid-stream adjustments. But it is odd to have PEGASE DFS and UNRWA deemed “temporary” after so many years (see also EQ 3)

The programming was broadly consistent with the Action Plan. However no direct links between programming and the Action Plans were found in the documents. While there is reference to programming in the Action Plan Progress Reports, the reporting is neither consistent from year to year nor systematic. There are no specific linkages between programming financial assistance and successes or failures in the Action Plan Agenda. A senior former PA official who participated in the process said that only rarely was a particular connection made, and then it usually involved a conversation with neither any particular follow-up action nor systematic reporting and tracking.

The overall programming, as noted above with respect to PEGASE DFS, was without results frameworks or links to performance in the Action Plans, part of a considered decision made during the volatile 2007-2008 period to avoid conditionality. The approach was seen as serving EU objectives by maintaining security, stability and well-being through service delivery and assistance to the vulnerable, while also compensating for the inherent constraints imposed by the political context, keeping the economy going, and keeping the PA prepared for a Two-State solution.⁵⁷

In a review of almost all the programming documents and the ROM⁵⁸ and also during discussions between EUREP and PA officials, the adverse consequences of Israeli occupation and security measures on development assistance projects were noted, especially those in infrastructure, water, private sector and trade. Even so, by 2013, after many years of noting the risks and consequences, it is surprising that the programming documents, other than highlighting the binding constraints, do not address risk and mitigation measures more systematically. After almost twenty years of operating within the same risk framework with no appreciable progress, the project financing documents have come over time to exhibit a stasis, with little to no shift towards restructuring, calibrating and monitoring project development objectives to reflect the realities on the ground, including the triangular relationship of the EU, the PA and Israel. Indeed the documents often tend to read as if the PA is sovereign or has a span of control greater than it has in reality, and that the Israeli action is somehow external. But in the unique context of Palestine, involving occupation, the Israeli role is not external but central to development assistance success. This anomaly, illustrated in EQs 6-9 below, highlights an inherent incoherence in the Cooperation strategy at programme level.

The Beginning of a Shift in the Programming Paradigm to Address Binding Constraints -2011-2013. Laboring hard under the constraints, EU staff in Brussels and the field have been well aware of the incoherence between the high policy aims of the Cooperation and its limited capacity on the ground for addressing the binding constraints to progress. A review of very recent programming documents and extensive discussions with EUREP staff have indicated a shift to greater focus on

⁵⁵ Since 2002, the Commission has set priorities for Cooperation with Palestine on an ad hoc basis largely in conformity with Article 13 of regulation (EC) 1638/2006 which provides for special measures in uncertain circumstances. See, e.g., Implementing Commission Decision part I of the Annual Programme 2008-C (2008)1094-PE/2008/435) and Implementing Decisions for Annual Programmes thereafter.

⁵⁶ See Annex 8.

⁵⁷ In interviews, EEAS senior official (18.3.13 and 5.11.13) indicated that the EU strategy had been consistent at least since the time of Commissioner Christopher Patton: the use of assistance to support EU ENP and political goals by helping the PA take on the functions of a state living in peace with Israel. Moreover, as the process proceeded, especially in the period 2007-2011, linking the core assistance to maintaining stability and institutions necessitated delinking it from day to day volatility, given the narrow span of control and capacities of the PA.

⁵⁸ Result Oriented Monitoring Reports issued by the EC on a sample of programmes each year and selected through a specific procedure and criteria.

the concerns expressed in the 12 May 2012 Council Conclusions with greater attention to Area C and East Jerusalem.

The Land Development Project, albeit modest in finance, is pioneering in addressing binding constraints on local planning⁵⁹. This project is tied to the LDS prepared in 2011 and again in 2013, following the Lisbon Treaty mandate for the Commission to assume responsibility for coordination of development Cooperation on the ground.⁶⁰ LDS are expected to be the product of harmonized efforts of the Cooperation strategies of the Commission and MS aligned with partners' priorities⁶¹. The EU does not officially adopt or endorse the LDS, reportedly to avoid rigidities that might arise in harmonizing and implementing MS strategies and programmes⁶².

The two LDS identify three factors blocking Cooperation success:

- *Occupation*, which is the primary driver of poverty and the most serious obstacle to development on account of its restrictions on access to resources, movement and fragmentation of the Palestinian territories, and has led to increasingly divergent socio-economic factors, indicators and opportunities;
- *Political fragmentation*, which is caused by a lack of reconciliation between Palestinian political actors, and impairs both "nationwide" planning as well as institutional and infrastructural consolidation and coherence; *and*
- *The Lack of Elections*, which contributes to an absence of a democratic and accountable process across Palestine.

Both LDS call for greater strategic and operational alignment of the EU's political objectives with its development assistance.⁶³

However, neither LDS suggests any specific programming proposal or operational suggestions aimed at overcoming or mitigating the primary constraints they identify.

Diplomatic Implementation. The EU's support for the PA has also been evident at diplomatic level, with multilateral, bilateral and transatlantic dimensions. With the US, the UN and Russia, the EU participates in the Quartet, which supports implementation of the Two-State solution. The Commission has also taken steps consistent with its position on settlements concerning customers' treatment of products of settlement origin and has issued guidelines banning the use of EU funds in support of Israeli research and other institutes and entities with operations in the West Bank, Gaza or East Jerusalem. These issues are addressed in greater detail in the discussion on EQ2.

MS Support. The LDS documents of 2011 and 2013, and interviews with several MS representatives in Jerusalem, reveal consistent MS support for the overall implementation strategy in place. However, while recognizing incoherence between the EU objectives and strategy in tackling the binding constraints, the MS have apparently not arrived at a consensus on shifts in strategy or actions to tackle the binding constraints directly⁶⁴.

To summarise this point, substantial accomplishments at project output level and in diplomatic efforts contributed to the broad ENP goal of stability, at least in the short term, but little to the removal of

⁵⁹ See Action Fiche for Land development and basic infrastructure in Area C, ENPI/2012/023-762 and Action Fiche for Support for the delivery of community services in East Jerusalem, ENPI/2012/023-762.

⁶⁰ See citations at introduction to the EU Local Strategy on Development Cooperation, occupied Palestinian Territories (oPt) (June 2013) and statements of the EU in adopting a Common Position at the Busan 4th High Level Forum on Aid Effectiveness 29.11.11. The 2013 version of the LDS specifically aims at aligning EU and MS programming efforts to the Lisbon Treaty and Busan Forum norms

⁶¹ Also Non Member States may join in the LDS preparation as Norway and Switzerland;

⁶² The two LDS have been developed around clusters for i) the whole of Government (essentially the PEGASE programme for recurring expenditure), ii) governance, iii) social protection and cohesion, iv) economic development and sustainability and v) infrastructure. Complementary, cross-cutting themes address coordination, strategies and joint programming for East Jerusalem, Area C and Refugees.

⁶³ The LDS also identify a number of human rights issues to be addressed by the PA and note Israel's obligations under international humanitarian law, especially in Area C.

⁶⁴ Interviews in Jerusalem with MS representatives of France, UK, Netherlands, Denmark, Germany, Sweden, Italy and Spain, December 2013 and January 2014.

the most significant obstacles to Cooperation success and achievement of the overall goal of a Two-State solution. Moreover, in the absence of progress towards the overall objectives, the Cooperation efforts as a whole appear, at the beginning of 2014, to lack both accountability to Palestinians and sustainability, with the strategy in danger of weightless drift. The EU goals of a democratic and viable State are no closer and the implementation strategy, prolonged as it is, may be counterproductive.

Coherence as understood by Palestinians. Taken from a wide spectrum of society, Palestinian views might be summarized as follows: the EU's actions are greatly appreciated; they have been indispensable for preserving PA institutions, providing for Palestinian welfare and articulating a baseline for a peaceful resolution; they have created space and time for the parties to work towards the Two-State solution; but at the same time there is a puzzling anomaly insofar as these actions also lack coherence in addressing the roots of the conflict and advancing resolution since they were never calibrated to the reality of the triangular relationship necessary for success.⁶⁵

Finally, some Palestinian interlocutors and external commentators noted that the strategy did not adequately link financial assistance to the EU goals of democracy, human rights, social cohesion, access to adequate water, or achievability of sustainable economic growth, even in those areas where the PA had sufficient span of control to make improvements. These issues are more fully addressed in the EQ 6-9 Delivery cluster.

External observers on coherence. Based on interviews with key non-EU actors and published commentary⁶⁶, the elements of the strategy in respect of the PA are generally perceived as clear and consistent in terms of i) reliable support for preservation and strengthening of PA institutions, and ii) provision of services, especially to the refugees (through UNRWA), the poor and vulnerable. They all point to significant institutional and welfare accomplishments of the EU's support for the PA during the period 2008-2013, confirmed in the Action Plan Progress Reports, LDS documents and AHLC reports; but they all also note an absence of coherence in promoting the EU's declared overarching objectives⁶⁷.

Some observers noted a "disconnect" between the financial assistance and the achievement of political goals, noting that failure to address the latter at this point in time contributes to prolonging the need for the former, and in any event continuation of the strategy is unsustainable.⁶⁸

EQ1/JC2 ADEQUATE, EFFICIENT AND RESULTS-ORIENTED POLITICAL DIALOGUE AND MECHANISMS ARE IN PLACE BETWEEN THE EU, THE PA AND OTHER PALESTINIAN STAKEHOLDERS

Overview. Analysis and elements of an answer to this and subsequent JCs draw on the discussion of JC1 above. A number of mechanisms exist for political dialogue with the PA (the Action Plan, the AHLC, LAC, donor coordination mechanisms and extensive, almost day-to-day, dialogue).⁶⁹ Whether these mechanisms are efficient and generate results-oriented dialogue is the core inquiry of this JC. Dialogue mechanisms with CSOs and IFIs are addressed more completely in EQ 5.

Dialogue mechanisms with PA and Stakeholders. Both regular formal meetings (Action Plan Committees, ENPI contacts, donor fora, sector working group fora) and less regular but frequent diplomatic and informal communications have established continuous and constructive dialogue

⁶⁵ Interviews with senior PA officials March, November and December 2013.

⁶⁶ See list of interviewees and publications/articles at Annexes 2 and 3. All interviewees to date have been asked the question posed in the text on whether they perceive implementation as clear and consistent in terms of reliable support for PA institutions and to basic services and whether it is effective advancing the overall declared EU goals of the two State solution. See generally External Evaluation of PEGASE 2008-2011, Brussels, 2011 and Country Case Study for Thematic Evaluation of the European Commission Support for Conflict Prevention and Peace Building, Brussels, 2011. Citations to other external sources are provided in footnotes below.

⁶⁷ Interviews with official of American Task Force on Palestine and a former member of PA negotiating team, (8.10.13.) and official Middle East Policy Council, editor Middle East Policy, (5.10.13).

⁶⁸ Interviews with officials of MAS March and December 2013.

⁶⁹ Briefing from Delegation, March 2013 and discussions with DEVCO staff in Brussels, November 5 and 6, 2013. and interview with former senior PA Minister.

between the EU, PA, donors and MS. In particular the EU-PA Action Plan 2013 establishes a systematic process of dialogue⁷⁰. Such mechanisms reflect a continuing evolution of results-orientation mechanisms, particularly from 2008.

Interviews with DEVCO highlighted how Cooperation efforts have evolved, aiming at enhanced results and accountability.⁷¹ Reports from the Joint Committee point to achievement of more efficient and effective changes; *however, management by results appears to be at a very early stage*. Achieving efficiency and effectiveness in the absence of strong conditionality is problematic but has been approached in a pragmatic fashion through continuous dialogue. Both DEVCO and EEAS indicated a strong historical reluctance to impose conditionalities on the financial Cooperation in the contexts of an uninterrupted flow of financial resources vital to maintaining institutions and ongoing services, and of the PA's limited span of control, or absence of control, over a large number of the performance factors.

However there is also the question of whether implementation of the overall strategy could have been enhanced through decisions which leverage the large amount of resources poured into PEGASE DFS and UNRWA by improving the quality, sustainability and outcomes of governance and services⁷² while also building operationally, fiscally stronger, more generally more viable Palestinian institutions for service provision.

The Country Report of the PA for the Survey of the Paris Declaration (2010) assesses as “moderate” the contributions to “managing for results”, identifying among challenges a “monitoring framework not fully rolled out”. The following priorities are listed: i) expand the governmental monitoring framework and ii) increase donor action in timely and accurate provision of information.

There is a shortfall in leveraging the policy instruments. The monitoring systems in which the EU participates are fragmented between the Action Plan Joint Committee reports, project reports, AHLC committee reports, Quartet reports, and Heads of Missions reports. These reports tend to be “stovepiped” within their relevant instruments. Intended to inform strategies and Cooperation efforts, they do not measure progress in the overall political dialogue towards i) the economic viability of Palestine as a whole (good measurement of various parts is maintained, and AHLC reports do give an overview, but they are not linked to the EU programme); ii) progress towards national institutions; iii) progress in enhancing human rights and improving governance; iv) integration of the refugee population served by UNRWA into a Palestinian institutional framework⁷³; or v) democracy in any one or all of the Palestinian areas.

As noted in JC1 above, the monitoring does not include a systematic, coordinated approach to measuring the impact of recognized obstacles to the Cooperation's developmental implementation (the permit regime, limits on access to water, limits in Area C, restrictions on movement, and diminishing access to natural resources in consequence of expanding settlements), although there is reliance on UN (especially OCHA), IMF and World Bank assessments. But the weakness or incoherence in monitoring may limit the capacity of the decision-making process to steer Cooperation instruments and dialogue more effectively towards achievement of EU ENP and political goals. This in turn calls into question whether the dialogue in many fora, albeit regular, is efficient, effective or results-oriented.

Key stakeholders⁷⁴ developed a view on results-orientation in the EU-PA dialogue. They observe that little or no significant progress has been made over the past five years towards unifying the PA systems of justice; improving democratic processes, whether in the executive or legislative branches

⁷⁰ EU – PA Action Plan 2013 section XIII, tracking and monitoring reports

⁷¹ Interviews with EUD December 2013 and DEVCO and EEAS, 5 and 6 November 2013.

⁷² Interviews with DEVCO and EEAS, 5 and 6 November 2013.

⁷³ The evaluation recognizes the sensitivities of the issue and that there is an ongoing debate tackling methodology and timing. Devolution to PA institutions will require significant political and structural changes – including changes in the way of thinking, difficult to achieve in the current fragile context,

⁷⁴ Including: a) PA representative' comments to the Evaluation Reference Group July 2013, b) EU ISS “European Involvement in the Arab – Israeli conflict, December 2010)

of government; rationalizing the PA wage bill; or more generally prospects for a unified Palestinian economy or institutional framework. As noted above they observe that Cooperation dialogue has focused on providing essential services and preserving PA institutions to enable them to take over State functions, but have not addressed sustainability or progress in overcoming obstacles. A more recent exception concerns renewed efforts for Area C and East Jerusalem. They offer a view that the EU strategy is results-oriented in the short term and within the projects chosen, but not oriented to results over the long term.

EQ1/JC3 THE EU HAS DEVELOPED ADEQUATE RESPONSES TO ADDRESS THE DIVERGENCE OF THE WEST BANK AND GAZA STRIP INCLUDING ECONOMIC AND GOVERNANCE DIVERGENCE.

Overview. In 2007 the EU accepted the Quartet's policy, then known as a "West Bank First" strategy: full resumption of aid and Cooperation to the Fatah-backed Abbas/Fayyad PA government in the West Bank coupled with direct assistance to Palestinians in Gaza, including PA employees and a no-contact policy with the Haniyyeh-led Hamas government which had ousted the Fatah-backed PA from the Gaza Strip. This JC addresses how and with what effect the Cooperation operates in Gaza and what would be an appropriate strategy for moving forward.

Following Operation Cast Lead, Israel imposed a tight blockade on Gaza. The Council Conclusions of June 2010 noted that "the continued policy of closure is unacceptable and politically counterproductive" and further called for "an immediate, sustained and unconditional opening of the crossings for the flow of humanitarian aid, commercial goods and persons to and from Gaza."⁷⁵ However, the evaluation team could not find evidence of specific measures taken and the *status quo* prevails.

Particularly through PEGASE DFS and assistance to UNRWA, supplemented by humanitarian food supplies and related projects through ECHO, the EU provides considerable assistance to the Palestinians in the Gaza Strip (€175m of the Committed amount, accounting for 8.4% of the total Committed amount). Thus the EU has adapted its assistance to the people of Gaza to ensure its consistency with the limits of the blockade and its policy of no contact with Hamas. However, one writer noted that the result is that "these constraints have adversely affected the EU's capacity to promote Palestinian development and self-determination, and have placed the EU in a position of accommodation of what amounts to collective punishment."⁷⁶

From documentation and interviews to date it remains unclear how the EU's current political and operation situation relates to the larger strategy of advancing the EU's political goals.

The EU does not appear to have a strategy for Gaza to surmount the obstacles to achieving its objectives, including eventual integration of the refugees and the UNRWA-built capacity there into a viable State. Moreover, reviewing the programmes during the period 2008-2013, the EU's development strategy in the two focal sectors of governance and private sector development appears to have left Gaza behind, although greater efforts might be made at local governance level, for trade, and for the business environment working through trade CSOs.

MS views. The views of the MS on this approach apparently differ. No consensus could be found for any change; and this is probably why there is no further position for the EU.⁷⁷

⁷⁵ Conclusions on Gaza, Foreign Affairs Council, Luxembourg, 14 June 2010.

⁷⁶ Agnes Bertrand-Sanz, "The Conflict and the EU's Assistance to the Palestinians" in Ezra Bulut Aymat (ed), Chaillot Papers no. 124, European Institute for Security Studies, Paris, December 2010

⁷⁷ Discussions with MS in Jerusalem, December 2013 and Commission staff in Brussels November 2013.

EQ1/JC4 THE EU EXTERNAL ACTION TOWARDS THE PA - INCLUDING THE USE OF LEVERAGE AS A GLOBAL PLAYER AND MAJOR DONOR - CONTRIBUTES TO ATTAINMENT OF THE EU'S POLITICAL AND COOPERATION OBJECTIVES

From a review of the Action Plan Progress Reports, the 2011 LDS, the sector working group committee reports (as reflected in semi-annual AHLC reports), the IMF reports (at the AHLC meetings) and from interviews held in March,⁷⁸ October and December 2013⁷⁹, it appears that:

- the EU was successful in the area of institution-building in social protection and fairly successful in the Action Plan dialogue concerning gender, public financial management and budget formation; *and*
- while gains were achieved, leverage was mixed in areas concerning budgetary discipline and the overall wage bill, human rights, justice institutions, security and democratic processes.⁸⁰

Perhaps the best evidence for the findings can be obtained from the Progress Report of March 2013 following the conclusions of the negotiation for the 2013 Action Plan update and the UNGA vote to confer non-member Observer State status on Palestine.⁸¹ A number of points from the progress report are relevant:

- the democratic legitimacy of the PA continues to decrease in the absence of national elections;
- the fiscal situation remained the PA's main difficulty, deteriorating in 2013 and probably also in 2014, given donor shortfalls;
- EU-funded assistance to the Ministry of Social Affairs achieved progress in the cash transfer programme;
- there was some progress in the justice sector with improved awareness of gender issues, although issues mentioned in three prior progress reports as presenting continuing challenges concerning institutional arrangements continued to reveal little or no progress (see EQ 6 for further discussion).

What is striking about the March 2013 progress report is its narrative, journalistic style. It paints a clear picture. Yet it lacks references to benchmarks, indicators or priorities for reform, providing almost no means of determining the impact of the Cooperation on the EU PA priority agenda. The document provides no basis for forming an opinion on the progress of the Cooperation overall or on how to improve it.

In certain areas, and owing to changing (or perhaps unchanging) events, some Palestinians and other informed observers offered a view that leverage in the EU's three focal areas of governance, private sector development, and water may have outlived its possibilities.

The following examples, gathered through interviews with senior PA and international officials, effectively summarize views on EU Cooperation, supporting evaluation findings concerning a want of leverage.

⁷⁸ Conclusions are those of evaluation team based on interviews with Senior Official of Palestine Investment Fund and a Senior Minister, a former Minister of Finance, OQR Head of Mission, and Quartet staff.

⁷⁹ Conclusions of evaluation team based on interviews with former Senior Minister Palestine, World Bank Director for Palestine, Minister, Negotiating team and Minister and American Task Force for Palestine Official and a former PA Negotiating Team Member

⁸⁰ Interview with Civil Society in Brussels, 7 and 8 November 2013; Interviews with NGOs, including Al Haq and Palestinian Center for Human Rights and Democracy, March 2013 and interviews with the former Minister of Finance March 2013.

⁸¹ Joint Staff Working Document, Implementation of the ENP in Palestine progress Report for 2012 and recommendations for action, 20.3.2013 Brussels.

In a March and a subsequent December interview, a senior former PA official, well experienced in the Cooperation, summed up the views of almost other interviewees. He noted that *“the EU is the most reliable donor. It has benefited us a lot. But its programme is a process without end. The effects are not very visible to the average population nor sustainable without a parallel, effective political track. So yes there is leverage on the PA but it is not always effective without linking targets to financing. Finally, I see no end-route strategy.”*

In an October interview, a Minister and senior member of Fatah described the EU assistance as *“welcome and beneficial, adding value every year to PA institutions. However, over time the PA has become an ever-more handicapped product of the early agreements. So, leverage on it has diminishing returns since it is essentially a super municipality paying wages for local services which no one wants to stop. This system of aid, leverage on one party, only causes a stalemate. Without a change of strategy, it preserves the status quo. A shift in strategy is overdue. The EU strategy now is a major part of a state of stable equilibrium.”*

In October and December interviews, another senior, long-term former PA official stated that *“the donor assistance has been welcome, beneficial and greatly appreciated. In general donor assistance is fundamentally political so leverage is always a factor. The EU has used leverage as a “good partner in supporting PA reforms in a positive direction. The assistance preserved the institutions and brought the PA to 2011 but does not seem to be able to take us further.”* He praised the December 2009 Council Conclusions as a landmark decision, establishing a clear platform for the EU’s engagement, as well as a baseline of principles to which the PA would continually point when setting objectives.

However, at the close of 2013 he thinks the question of *“whether the assistance now contributes to continued occupation is valid and should be addressed.”* He also sees continued leverage on the PA having diminishing returns for political ends. While he cited many benefits of financial assistance and capacity-building for the PA’s institutions, he stated emphatically that *“economic assistance has not been effective over the past 15-year period if evaluated on the criteria of accomplishing political goals.”* Rather he sees the continuing assistance and leverage as possibly weakening the PA over time in the political arena since it is fiscally vulnerable and can be punished when things go wrong, but without counterbalancing sanctions on the counter-party, Israel. He used the same term “stable equilibrium” to describe the current situation.

In an October interview a former World Bank Country Director for Palestine noted that while there is room for improvement, financial assistance may have achieved much of what can be done. The PA is well positioned to undertake reform. *“Yet, a government, no matter how efficient, that has to contend with a donor-driven economy and the vagaries of managing an aid-dependent budget will be held back in delivering to its citizens.”* To go further from this point, to progress towards a two-State solution requires fundamental changes to help the real economy grow lest the institutional gains are undermined. The Director noted the many positive PA responses to EU and other donors’ efforts in concert to improve governance and social protection; but also noted that *“political dialogue with the PA may be reaching its limits and that diminishing returns will become evident in the absence of fundamental change in strategies to remove overall obstacles to the economy and fragmentation. To achieve these ends, dialogue with the PA is necessary but insufficient.”*

2.2 EQ2: POLITICAL COHERENCE OF EU EXTERNAL ACTION WITH KEY PLAYERS

To what extent and how has the EU developed and implemented a coherent external action strategy to push for peace and a Two-State solution in its relations with key political players including Israel, regional actors and its partners in the Quartet?

Summary Answer Box: EQ 2 Coherence

The EU has employed its privileged political dialogue in the context of the ENP to involve Israel. While consensus and dialogue are the EU's preferred means, there is no evidence of concerted efforts to involve Israel in matters affecting the Cooperation. The dialogue on the Cooperation has largely been compartmentalized, with the EU-Israel dialogue focused on bilateral EU-Israel relations with no systematic dialogue on the binding constraints. Consequently, to the extent that dialogue exists, it has not been effective in advancing the EU's policy goals. Nor is there is consensus among MS on taking pro-active measures.

Currently there is no process at strategic operational level to link the dialogue on a trilateral basis, no feedback loops from discussions and experience in the field to engage Israel in a process for managing risks arising from the binding constraints.

Recently the EU has sought to enforce existing EU legal measures to back up its policy, legal and normative positions concerning settlements. These measures reveal greater coherence between external action and the policy framework.

As EU-Israel relations remain primarily binary, the EU has not successfully exercised leadership for triangulation of dialogue with Israelis and the Palestinians to facilitate addressing of the binding constraints e.g., movement, water and trade.

The team could find little evidence that the EU's participation in the Quartet has allowed any particular advantage in furthering the EU's political goals.

The EU has not taken full advantage of its ENP and Union for the Mediterranean leadership for regional Cooperation and development in furtherance of the Two-State solution. A particular opportunity missed is deeper Cooperation with regional development funds, which have long, deep and sustainable ties to Palestine.

Overview This EQ is a complement to EQ1 and focuses on the coherence of the EU's external action with Israel, the Quartet and regional actors in the context of its normative and policy framework for a Two-State solution to the Israeli-Palestinian dispute. The Overview section of EQ 1 is equally applicable to this EQ.

EQ2/JC1 THE EU HAS ADEQUATELY USED AVAILABLE TOOLS AND INSTRUMENTS TO CONSTRUCTIVELY ENGAGE WITH ISRAEL IN SUPPORT OF ACHIEVING PEACE AND CONTRIBUTING TO THE ESTABLISHMENT OF AN INDEPENDENT AND VIABLE PALESTINIAN STATE.

EU-Israel political and institutional framework for dialogue. The EU-Israel Association Agreement of 1995 includes provisions for regular political dialogue; freedom of establishment and liberalization of services; free movement of capital; competition rules; strengthening of economic Cooperation; and Cooperation on social matters. In accordance with ENP principles, the Agreement's Article 2 "essential element" Clause states that respect for human rights and democratic principles guides the internal and international policy of both Israel and the EU and constitutes an essential and positive element of the Agreement. At Israel's request there is a Joint Declaration on the importance both parties attach to the struggle against xenophobia, anti-Semitism and racism. While the EU has repeatedly characterized Israeli actions in Palestine as violations of international law and human rights, it has preferred consensus and dialogue and has never evoked the Agreement's Article 79 provisions for suspension.

There are a number of platforms or fora available at different levels and on different subjects for constructive EU-Israeli dialogue on Palestine. The Association Agreement establishes two main bodies for dialogue: the EU-Israel Association Council, held at ministerial level, and the EU-Israel Association Committee, held at the level of senior officials. Both bodies hold annual meetings to review the bilateral relationship, and to discuss points of common interest. In addition, ten sub-committees with Israel (one dedicated to “political dialogue and Cooperation”) were established under the European Neighbourhood Policy Action Plan. They usually meet once a year. Delegations from the European Parliament and the Knesset also hold regular inter-parliamentary meetings. While the upgrade of the EU-Israel Association Agreement has been frozen since June 2009 following Operation Cast Lead, the EU has stated that it is prepared to explore further with Israel the opportunities still offered by the current Action Plan in a number of policy areas.⁸²

EU relations with Israel also feature a regional dimension, the Union for the Mediterranean.

Within the context of the Israeli-Palestinian conflict the EU has a number of means of engaging in dialogue with Israel. EU institutions are engaged with Israeli counterparts in the policy-making process and communication of positions, especially in those areas of policy where the EU has exclusive or mixed competence (trade and aid). While political direction is given by the Council, EEAS is tasked with daily liaison with Israeli and Palestinian counterparts. The European Parliament also has a role in its accountability functions and enquiries in respect of that function, pursuant to which delegations have frequently visited both Israel and Palestine. The EU Delegations have offices in Israel and Palestine with opportunities for cross-dialogue with both. Within the AHLC donor structure Israel participates through formal and informal contacts. Finally, the EU’s participation in the Quartet also provides an institutional framework for dialogue with Israel on specific matters relating to Palestinian development including rule of law, movement, functionality and the economy.

All Palestinian and MS stakeholders interviewed consider a constructive, not necessarily confrontational or adversarial, EU engagement with Israel critical to the ultimate success of EU Cooperation efforts and progress towards the Two-State solution.

Council Conclusions of 14 May 2012 explicitly call for the EU to “engage with the Government of Israel to work out improved mechanisms for the implementation of donor funded projects for the benefit of the Palestinian population in Area C.” The same Council Conclusions also call for the end of the Gaza blockade and calls on Israel to take further meaningful and far-reaching steps to allow for Gaza’s reconstruction and economic recovery. Yet, apart from an exceptional demarche in 2013 and statements made during high-level donor meetings, the instruments and tools the EU possesses and is willing to use for incentives or disincentives for dialogue with Israel to these ends have been unclear and are still untested.⁸³

The documents and interviews indicate that EUD Tel Aviv raises with Israel those measures which impede EU goals in Palestine in those Action Plan Progress Reports containing sections concerning “Israel in the occupied territories.” The report includes a detailed narrative of Israeli actions which undermine the prospects for a Two-State solution⁸⁴. Rather similar to the report for the Palestine Action Plan of the same date, there is no evidence of any particular actions taken in the light of the progress reporting or of the dialogue in the sub-committee; nor, when comparing the documents, is there any evidence of attempts to coordinate their reporting with any further action in the various fora.

⁸² Tenth Meeting of the EU-Israel Association Council. Statement of the EU, Brussels, 22 February 2011.

⁸³ Dr Anne Le More, “Is Aid doing more harm than good? Fifteen years of diplomatic and aid policies in support of Israeli-Palestinian peacemaking”, CIDSE seminar, Brussels, 7 November 2008.

⁸⁴ Joint Staff Working Document, Implementation of the ENP in Israel, progress in 2012 and recommendations for action, March 20, 2013, Brussels.

The EU regularly condemns what it terms (a) Israeli violations of international law and (b) actions the EU considers contrary to human rights which prevent the emergence of a Palestinian State. But at the same time actions have been largely declaratory with little systematic coordination between the Jerusalem and Tel Aviv delegations. Otherwise the two Action Plans (Israeli and Palestinian) are managed as a separate work products. This suggests an absence of a strategy coupled with either a lack of capacity, or else a dissonance or incoherence in the EU's overall approach to a matter of central policy concern and substantial funding. The position can best be summed up by referral to several comments received during the interviews in Jerusalem.

One senior human rights activist, familiar with the context, commenting on the EU's March 2013 Israel Action Plan Progress Report, observed that *"the EU's responses to what it terms illegal and violations of international law in Palestine coupled with its acquiescence in the permit system amounts to a de facto pattern of accommodation which in turn supports a continuation of the status quo."*

Another stated, *"The Palestinians have not seen any action in the Cooperation which matches the political language when it comes to settlements, water or movement."*

Source: Evaluation Team interviews with Civil Society Organizations, October 2013

A senior MS official in Jerusalem commented *"By working in partnership with key strategic partners, especially the US, the EU is often reliant on them to achieve outcomes - especially in terms of dialogue with Israel on the Two-State solution. The EU takes the lead in funding for stability, giving the others a chance of progress. Thus the EU does not much use its various means of engagement with Israel to advance Palestinian goals."*

The EU has made continuous efforts in the available fora, and in its many declarations has brought pressure to bear in public fora. However there is little evidence, if any, that these efforts have been successful in reducing the binding constraints on the Cooperation's progress. It has not attempted conditionality *vis-à-vis* Israel in the ENP or in trade. The EU position remains that the EU policy is based on partnerships and Cooperation, not exclusion or threats or conditions. Moreover, there is a view that even if such measures might have some effect, constructive engagement is likely to yield greater benefits.⁸⁵

The EU's experience in terms of the difficulty of engaging with the Government of Israel on key issues related to occupation, although very specific, is not unique, as other international and bilateral players report similar difficulties - albeit in specific ways depending on the nature of their particular relationships.

Recently political relations between the EU and Israel have been strained in connection with Palestine owing to i) the continuing expansion of Israeli settlements in the West Bank and East Jerusalem which the EU regards as illegal; ii) demolitions and displacement of Palestinians and Bedouins in the West Bank and East Jerusalem; and iii) the Israeli permit and movement restrictions which have fragmented the Palestinian areas and effectively denied them access to natural resources, especially water and land in Area C with consequent negative impact on development^{86&87}. These issues were raised in the 2013 Action Plan progress reports and in the May 2012 Council Conclusions.

Consistent with the Council Conclusions of 14 May 2012 (Article 6), in June 2013 the European Commission sent new instructions to all EU countries prohibiting the financing of, or investment in, Israeli settlements established on occupied Palestinian and Syrian lands; the EU directives also prohibited distribution of grants or prizes to these settlements and their products. On 19 July the

⁸⁵ Interviews at DEVCO and EEAS, November 2013.

⁸⁶ See e.g., "Area C and the Future of the Palestinian Economy", World Bank, Washington, D.C., 2013 and Reports to the AHLC, World Bank 2012 and 2013.

⁸⁷ European Union Measures Against Israeli Settlements Policy Analysis Unit, ACRPS, 4 August 2013;

European Commission published these decisions on its official webpage⁸⁸. These measures, referred to as the “guidelines”, are evidence of engagement by the EU in addressing a number of the most serious obstacles to its political goals for resolution of the Israeli-Palestinian dispute.

From the EU's point of view the funding guidelines merely state what has been a long-held position to the effect that the occupation of Palestinian land is illegal under international law and the EU is bound by its own laws to avoid financing settlement activities there. The Israelis take the position that the settlements are legal as the land they occupy is State land or disputed land, not to be presumed Palestinian. Moreover, many Israeli exporters such as Agrexco may mix settlement products with non-settlement products and label the resulting product as of Israeli origin.⁸⁹

The interviews held with EUREP and with Quartet and World Bank personnel suggest that constructive daily engagement with the Coordination of Government Activities in the Territories (COGAT), a division of the Israeli Ministry of Defence, and use of the Quartet are sometimes effective on an ad hoc case-by-case basis, but not systemically so. The more recent Israeli response to the EU Guidelines on grants and the earlier denial of preferential treatment for settlement goods have suggested a possibly different paradigm for engagement, the efficacy of which remains uncertain.

EQ2/JC2 THE EU HAS ENGAGED STRATEGICALLY WITH REGIONAL POLITICAL DONORS WITH A VIEW TO FOSTERING THE PEACE PROCESS AND CONTRIBUTING TO THE ESTABLISHMENT OF AN INDEPENDENT AND VIABLE PALESTINIAN STATE.

Evidence of strategic engagements, contractual relations with regional actors/donors. The EU has ENP partnership agreements, including Action Plans with all the parties and neighbours to the conflict including Syria, Egypt, Jordan and Lebanon. There is no evidence that these Action Plans or their monitoring have been directly linked by dialogue, conditionality or by *ex post* actions in a manner that has materially advanced, or would advance, the EU's objectives in Palestine.

Every State in the Mashreq and Turkey, except perhaps Yemen, has undertaken political initiatives and contributed financial assistance to Palestinians in furtherance of resolution of the conflict or for humanitarian purposes. The Arab Peace Initiative (API) and assistance from the national and multi-lateral funds of the GCC States stand out. According to the latest Islamic Development Bank Briefing, the Al Aqsa and Al Quds funds managed by the Islamic Development Bank have had approximately US\$1.5 billion in projects and programmes dedicated to Palestinian assistance⁹⁰ since 2000.

The EU welcomed the API and has made it a major point of reference for a number of its statements on the conflict, including the landmark December 2009 Council Conclusions.⁹¹ It also incorporated it into the Roadmap of the Quartet and made it the centrepiece of a project for Civil Society. Although in declarations and Council Conclusions the EU supported the Saudi-led efforts to reconcile Fatah and Hamas in 2008, it declined to support the Mecca agreement for reconciliation and subsequent efforts in 2011 and 2012 known respectively as the Cairo and Doha Agreements.

Little Coordination between EU and regional states and development funds in assistance to Palestinians. No specific evidence could be found of practical Cooperation in any of the EU's strategy's tracks between the EU and Arab funds and donors, even although the latter often attend donor meetings, have significant stakes in the PA, Hamas and UNRWA, and could be more closely involved in other ways through the EU Delegations in the GCC States. Based on a review of OECD statistics and discussions with Islamic Development Bank personnel in charge of Palestinian

⁸⁸ "Commission Notice, Guidelines on the Eligibility of Israeli Entities and their Activities in the Territories Occupied by Israel since June 1967 for Grants, Prizes and Financial Instruments Funded by the EU from 2014 Onwards," Haaretz, July 16, 2013,

⁸⁹ See Phyllis Starkey, UK MP on January 27, 2010 in a debate on the trade Agreement, at <http://www.publications.parliament.uk/pa/cm200910/cmhansrd/cm100127/halltext/100127h0010.htm>

⁹⁰ Islamic Development Bank Group Brief, p.13, May 2013, Jeddah, at www.isdb.org.

⁹¹ Council Conclusions, December 2009, Brussels, December, 2009

Cooperation, there seems little, if any, operational communication between the EU and the funds and little, if any, specific knowledge of each other's programmes, despite working with the same PA officials.⁹²

It is often presumed that if the EU halted or significantly diminished its funding, there would be no substitute, with dire consequences for Palestinian welfare and institutional preservation. But to what extent would enhanced Palestinian, regional donor and EU Cooperation and coordination provide options for a more nuanced and flexible strategy for the EU?

EQ2/JC3 THE EU HAS OPTIMALLY AND COHERENTLY USED ITS LEVERAGE AND AVAILABLE WINDOWS OF OPPORTUNITY WITHIN THE FRAMEWORK OF THE QUARTET FOR THE ESTABLISHMENT OF AN INDEPENDENT AND VIABLE PALESTINIAN STATE.

Overview. Eleven years ago the US, EU, UN and Russia formed the diplomatic umbrella group known as the Quartet, aiming to put together a small, powerful and flexible group to act swiftly and decisively. The Quartet's role has varied over time and its effectiveness has been questioned. A recent study by the Saban Centre for Middle East Policy at Brookings noted the loss of the Quartet's credibility with the PA when, at US urging, it opposed the PA's UN bid in 2011. The study also concludes that the Quartet's original mission for mediation and conflict resolution has been replaced by a US-driven mission focused on managing the Palestinians while failing to remove the most serious obstacles to a Two-State solution.⁹³ The Quartet's central role in the recent initiative by U.S. Secretary of State Kerry has revitalized the Quartet and placed it squarely within the MEPP.

The team could find little evidence that the EU's participation in the Quartet has allowed any particular advantage in furthering EU political goals. Discussions with Quartet staff suggest that the EU has benefited from progress in addressing a number of technical matters in individual cases and more generally in private sector development and movement of goods. However these individual cases have not become scalable models for addressing the overall constraints or for reducing risks. Nor, from discussions so far, is there any impression that the EU has greater expectations from the Quartet.⁹⁴ Rather the EU has reduced its funding for Quartet staff and during 2013 distanced itself from its day-to-day activities.⁹⁵

⁹² Discussion by telephone with IsDB staff person, July 2013.

⁹³ Khalid Elgindy, "The Middle East Quartet: A Post- Mortem" Brookings Analysis Paper, Washington, D.C., 2012.

⁹⁴ Interviews with Quartet staff march 2013.

⁹⁵ Interviews with Quartet staff and EUD December 2013.

CLUSTER B

EU RESPONSIVENESS

The second cluster derives from the need to understand the processes of Cooperation and whether and how these processes are conducive to, and adequately flexible for, achieving the EU's political goals in a highly complex, conflict-ridden and explosive environment of occupation. The analysis of EU responsiveness concentrates on two Evaluation Questions and related Judgment Criteria:

- EQ 3 focuses on EU internal processes, resources and capacities for translating the political agenda into Cooperation interventions (that is to develop and implement a relevant and effective Cooperation strategy as a key tool for achieving the EU's wider political agenda);
- EQ 4 looks at EU Cooperation tools and their effectiveness and complementary use for achieving the desired goals in the specific context.

This cluster also assesses the EU's overall capacity to adapt to a volatile environment, taking into account the dynamic variables and the considerable risks attached. This group of questions explores the criteria of relevance and quality of design, efficiency (particularly for the analysis of EU processes, decision-making mechanisms, learning, monitoring and evaluation systems, internal and external coordination, management, and flexibility), effectiveness, coordination and complementarity.

2.3 EQ3: EU PROCESSES, RESOURCES AND CAPACITIES

To what extent do EU processes, resources and capacities support political and Cooperation goals in Palestine's complex and volatile environment?

Summary Answer Box : EQ3 EU Processes, resources and capacities

Evidence collected on this EQ strongly indicates that the overall institutional capacities of the EU do not match the political and Cooperation ambitions set by the EU for Palestine. The EU (Delegation) can count on significant positive assets, including a capable and motivated team, sound local coordination, good understanding of the context, risks and constraints, an above-average level of interaction between EEAS and DEVCO, and fluidity of communication between the EUREP and Headquarters. However, the overall effectiveness of the EU's action is severely constrained by internal factors including the limited capacity to bring upfront the triangular political dialogue indispensable to moving forward towards political goals.

Delivery capacities are also constrained by a fragmented approach to Cooperation, a system that is "instrument- and mechanism-oriented" with a lack of a comprehensive overview, strategy and management for all its components (political and development Cooperation, ECHO, different Cooperation tracks, and financial instruments). Operational work and lessons do not systematically feed back into the Action Plan and Cooperation strategy. Limited linkages are established between interventions in the same sector financed from different tracks and instruments. Other factors constraining effectiveness are (i) an internal organization unconducive to 'results-based' programming and management; (ii) a lack of suitable tools for results-based Cooperation and (iii), underpinning the foregoing, a critically understaffed EU Delegation (which also requires new skills and competences). Adequate staffing of the EUREP appears to be a precondition for any substantial progress in overall delivery and quality improvement.

With regard to communication, the evaluation team noted well-structured and active efforts aimed at promoting awareness of EU aid flows, highlighting sector work and successes as well as promoting EU involvement in the peace process. These efforts seem to produce results in terms of a positive perception, (including in Gaza) of EU support for the Palestinian people. However, the effectiveness of communication is hampered by the rather narrow scope, the lack of resources, operational challenges (i.e. communication in Gaza and East Jerusalem) and the lack of a widespread communications culture among stakeholders. Effectiveness of communication is also impaired by the limited availability of messages relating to EU support for democracy, peace and the Two-State solution.

EQ3/JC1 STRATEGIES. CAPACITIES ARE ADEQUATE TO DEFINE COOPERATION STRATEGIES COHERENT WITH POLITICAL OBJECTIVES AND ARE RESPONSIVE TO CONFLICT AND THE EXTERNAL CONTEXT

Over the evaluation period the overall EU Cooperation strategy with Palestine remained open and flexible, and was never framed within a formal text defining a normative approach to binding constraints, clear choices, lines of political and financial action or specifying how EU Cooperation should adjust to the 'binding constraints' linked to conflict and occupation. The strategy was instead implicit in the Action Plan with the Palestinian Authority, the annual programming, the financial decisions, and related implementation. It was driven primarily by the EU's willingness to provide significant financial support for the Palestinian People. Financial assistance, oriented by a number of choices - or lack of choices⁹⁶- translated into a strategy which could *ex post* be summarized as follows:

- Palestinian Authority as the main partner of EU Cooperation;
- full adherence to a policy of no contact with Hamas;
- intervention through four main lines of action (tracks): i) Direct Financial Support for Palestinian Authority, ii) development interventions, iii) support for refugees through UNRWA, and iv) humanitarian support through ECHO;
- no application of conditionality to EU aid⁹⁷;
- very short (annual) programming cycles to increase the capacity to adjust to the context;
- reliability of financial flows and allocations, (about €422M allocated per year);
- the bulk of support addressed to cover recurrent costs and service provision (82% on the total Committed amount), with about 56% of resources on DFS-PEGASE and 26% of resources for services to refugees through UNRWA;
- no definition of how and whether EU would react to the conflict or to the degree of adherence - or lack of it - by the parties to the Oslo agreement⁹⁸;
- no definition of modalities of engagement with Israel in pursuance the Two-State solution;
- no strategic interactions between the four tracks aimed at achievement of sector goals;
- no specific goals for reform applied to critical sectors of intervention (i.e. justice, security, elections, health, education, water and sanitation, business environment);
- no specific strategy for engagement with Civil Society, although CS is recognized as a major partner;
- no guidance on the Cooperation's reaction to breaches to international law, human rights violations or demolition of EU-financed infrastructure.

This implicit framework resulted in a reactive strategy, driven by a willingness and capacity to pay but revealing a lack of readiness for explicit political engagement and support with a view to achieving the stated goals. It also largely ignored the drama of Gaza and binding constraints were not addressed in an upfront and effective manner.

The 2013 draft of the Single Support Framework⁹⁹ reflects a positive evolution of the overall EU Cooperation strategic framework. The document highlights the need for political dialogue addressing the binding constraints of occupation and supporting implementation of a coherent set of actions. The strengths of the SSF include (i) a clearer setting of priorities and definition of focal sectors¹⁰⁰ (ii) development of a harmonized effort with the MS, (iii) stronger analysis of context and conflict, iv) development of a more appropriate risk analysis, (v) advocacy for increased political dialogue, and

⁹⁶ The reactive approach and lack of engagement in a triangular dialogue supporting cooperation objectives underline EU unwillingness to make political choices coherent with its political goals for Palestine and the Middle East peace process.

⁹⁷ The EU has included aspects of accountability in relation to its cooperation with UNRWA. While there is not a one-to-one direct relation in terms of funding, the EU continues to urge UNRWA to live up to agreed commitments (via EU-UNRWA Joint Declarations). No funding restrictions are applied in function to performances as these would impact negatively on vulnerable refugees' population and their needs

⁹⁸ EU goals being a peaceful neighbour and the Two-State solution should have structured bilateral relations with Israel and Palestine coherently supporting the achievement of this goals, subscribed by the Oslo agreements, with a clear system of incentives and disincentives.

⁹⁹ SSF, Progress Draft (October 2013)

¹⁰⁰ The limited strategic value of PSD as a focal sector is discussed in EQ 1 and EQ 8

(vi) plans for a better structured policy dialogue. The SSF is more results-oriented and proposes a strategic role for Civil Society.

However the SSF, like other programming documents developed in the context of the EU Cooperation and reviewed by the evaluation¹⁰¹, does not address the question of whether or how triangular political dialogue with Israel and Palestine will support financial Cooperation¹⁰². This disconnection between a structured strategy for Cooperation actions and the lack of strategy for political dialogue critically undermines the effectiveness of EU Cooperation in contributing to political goals.

Interviews and other sources suggest that other aspects will need to be addressed if the SSF is to function effectively as a comprehensive strategic framework for EU Cooperation that goes beyond declaratory statements. These include:

- linking the SSF to national strategy, national plan and action plans for Palestine and Israel;
- developing “operational sector strategies”;
- specifying how political dialogue with Israel will address the binding constraints to Cooperation goals;
- planning and linking to the Action Plan a results-oriented political dialogue and policy reform process with the PA; (a discussion to this end started in 2013);
- strategies for mainstreaming into sector strategies Civil Society partnership (specifying for each focal sector and temporary support measure the roles and responsibilities of Civil Society);
- increasing accountability to Palestinian people for SSF Cooperation;
- building complementarities between interventions, including temporary support measures;
- specifying a coherent strategy for Gaza;
- ensuring follow-up and reform for health and education, two sectors benefiting from significant financial support from the EU’s Cooperation;
- providing guidance on the Cooperation’s reaction to breaches in international law, human rights violations and demolition of EU-financed infrastructure;
- strategy for interactions and complementarities with Humanitarian Aid.

Interviews with EUREP staff highlighted the demand for stronger political guidance, for Headquarters backup, and for clear political engagement with Israel to overcome the binding constraints. This should be the role of EEAS in line with its mandate to help design a strategy and programming process that allows better matching of Cooperation efforts with EU political goals and strengthening of the link between foreign policy and development through optimal use of the Council’s political weight and leverage.¹⁰³

Staff shortages, high pressure of work and the need to focus on the most pressing matters limits EUREP’s capacity for strategic thinking at all levels, limiting opportunities for pro-active approaches, longer-term perspectives, building complementarities across sectors and instruments, developing cross-cutting issues, lesson-learning, and development of political dialogue.

¹⁰¹ Including: Local Strategy for Development Cooperation (2011 and 2013), Action Plans, Communications for Allocation of resources, Annual Programmes 2008 – 2013

¹⁰² See as well discussion in EQ 1 and 2

¹⁰³ ODI, The Review of the European External Action Service, September 2013

EQ3/JC2 COORDINATION WITH DONORS, DEVELOPMENT AGENCIES AND KEY STAKEHOLDERS FOSTERS DESIGN AND IMPLEMENTATION OF AN EFFECTIVE COOPERATION PROGRAMME

There are several dimensions to coordination of Cooperation activities in Palestine:

- i) internal EU coordination (DEVCO – EEAS – EUREP, coordination with Delegation in Tel Aviv, coordination of political and operational sections);
- ii) coordination with Member States, essential in the context of Palestine and interactions with Israel;
- iii) Coordination with UNRWA, critical for track 3 of Cooperation efforts (see analysis in EQ4/3); *and*
- iv) external coordination with other donor agencies, International Finance Institutions and other external stakeholders.

Internal coordination within EUREP builds on a continuous and fluid exchange of information between Sections, including positive interactions between the political and Cooperation Sections. Coordination between EUREP and ECHO is also working well at operational level¹⁰⁴. Exchanges between DEVCO and EEAS are constant, with positive interaction between staff at all levels. Communication between Headquarters (DEVCO and EEAS) and the EUREP is also active and based on daily exchanges. Effectiveness of coordination needs however to be strengthened, as revealed by the EUREP demand for stronger political guidance and the extent to which important decisions are at times not taken in close consultation with EUREP. The existence of coordination mechanisms and relatively fluid exchanges of information does not appear to impact positively on building complementarities between the various Cooperation tracks and sectors. This in turn leads to a compartmentalized approach to Cooperation, driven by “instruments” rather than by clearly spelled-out goals (see also discussion in EQ4).

The evaluation also notes a lack of operational interaction between the EU representation of East Jerusalem and the Delegation of Tel Aviv. Interviews with EUREP staff confirm the existence of “*a comfortable separation of functions*” between the two EU local offices, reflected among other things in a lack of common retreats, joint activities or systematic interaction between the respective Heads of Mission and Political Sections. This absence of interaction is an indicator of the disconnection between Cooperation efforts and political dialogue with Israel (a prerequisite for addressing the afore-mentioned binding constraints).¹⁰⁵

Information flows with *Member States* are running quite smoothly, with well-established dialogue platforms and routine exchanges through informal meetings, operational activities and meetings of Heads of Mission and of Political Sections. However the lack of coherence between the Member States appears to be a critical constraint on any effective EU political engagement and coherence in Cooperation actions (an aspect also discussed in detail in EQ2). Coordination between Member States does not generate a harmonized approach on such critical issues as engagement with Israel, policy reform, and addressing of binding constraints.

The assessment revealed information gaps and instances of information not being shared between Member States or with the EUREP. The lack of Cooperation expertise in the Head of Mission meetings is a factor that may weaken information exchange and the effectiveness of coordination arrangements.

¹⁰⁴ Evaluation of DG ECHO interventions in the Occupied Palestinian Territories, March 2012

¹⁰⁵ This is an evolving issue. In March 2014 the EU Representative attended an EU Head of Missions' meeting in Tel Aviv for the first time and briefed them on certain developments in Palestine. The respective Political Sections talk regularly concerning issues of common interest, have held common meetings and are currently planning more. In May EUREP management teams will meet with their counterparts at DELTA for an afternoon retreat. By the end of the evaluation period no evidence could be yet gathered of direct action with Israel.

External coordination in Palestine is supported by a national structure coordinated by the Ministry of Planning and Administrative Development (MoPAD). The Aid Management and Coordination Directorate (AMC) at the MoPAD is the main governmental body in charge of aid coordination between the donors. MoPAD is one of the four co-chairs of the Local Aid Coordination Structure, and a person from MoPAD is a member of every sector working group. AMC at MoPAD works with the international cooperation organizations and international NGOs for all coordination purposes, to ensure that aid is aligned with the National Development Plan (NDP) priorities and objectives. Additionally, AMC ensures non-duplication and fragmentation of projects and funding ¹⁰⁶.

External coordination builds on a number of mechanisms including Donor Mapping (a database with details of projects and donors developed by MoPAD), sectoral working groups and subgroups, and the Local Aid Coordination Secretariat (LACS). Although some assessments point to well-coordinated mechanisms¹⁰⁷ and project-level monitoring has not revealed significant gaps in coordination¹⁰⁸, the evaluation gathered evidence of lack of effectiveness and inclusiveness in aid coordination, particularly in the following respects¹⁰⁹:

- the need to revitalize LACS and use the EU position there to advance progress in the Cooperation;
- lack of clear leadership in LACS and a governing mode, based on consensus, which in some cases contributed to paralysis in decision-making;¹¹⁰
- lack of consideration of East Jerusalem by LACS (LACS was set up under Oslo, which kept donor groups out of Jerusalem. The EU is an interesting exception. But there could be a parallel coordination system for Jerusalem);
- lack of an overall coordination culture;
- Civil Society not included in Donors Coordination mechanisms ¹¹¹;
- only limited efforts to support national ownership for external coordination and build institutional coordination capacity¹¹², including MoPAD, Ministry of Finance and sectoral ministries;¹¹³
- communication with Israel is essential; it often lacked effectiveness but cannot be abandoned.

It is also noted that 2013 has seen the start of an informal direct financial assistance donors group, including the EU, WB, DFID, France, Australia, Norway and the US. This group is at the joint initiative of the WB and EU to foster more synergies (and policy dialogue leverage) between donors providing direct financial assistance to the PA¹¹⁴.

There is ample scope for strengthening the performance and effectiveness of aid coordination mechanisms. Although the EU is the main donor, a key player in aid coordination mechanisms and working groups, and the direct PA partner, it has not assumed a comprehensive lead in the improvement of aid coordination¹¹⁵, a position which would strengthen the EU's role as an active player. EUREP has recently been taking initiatives to revitalize coordination groups, as for instance the Governance Strategy Group¹¹⁶.

¹⁰⁶ Communication from MoPAD, 2014

¹⁰⁷ External Evaluation of PEGASE, 2011

¹⁰⁸ Analysis of Result Oriented Monitoring (16 projects) evidenced how ROM do not point out outstanding gaps in terms of sector / project level coordination; in a few instances Monitoring reports recommends "prioritize an exit strategy with the rest of donors who can mitigate the gap left by the EU"¹⁰⁸

¹⁰⁹ These findings build on a) evaluation interviews with Donors, Civil Society and PA, b) the Independent review of Local Aid Coordination Secretariat in the Palestinian Territory (COWI) and c) Assessment of EU Support for the Justice System (HTSPE, 2013)

¹¹⁰ Independent review of Local Aid Coordination Secretariat in the Palestinian Territory

¹¹¹ A few exceptions should be noted, as the inclusion of CS in the Social Protection Working Group (EUREP communication, March 2014)

¹¹² Recent efforts have been started to enhance the PA's ownership of aid coordination, and discussions have taken place amongst the LACs co-chairs to look at ways in which the LACs Secretariat can begin transferring capacities to MoPAD's AMC to ensure national ownership in the medium term (MoPAD communication, 2014)

¹¹³ Following 20 years of Donors support causes for structural weaknesses of PA key institutions should be assessed and addressed

¹¹⁴ Communication from EUREP, march 2013

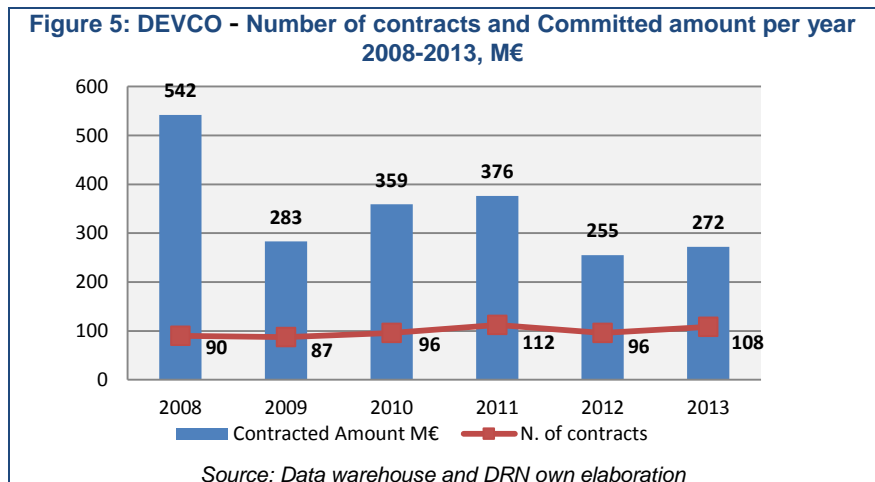
¹¹⁵ Independent review of Local Aid Coordination Secretariat in the Palestinian Territory

¹¹⁶ EAMR, 2012

EQ3/JC3 PROGRAMMING AND DESIGN. CAPACITIES ARE ADEQUATE FOR PROGRAMMING AND DESIGN OF EFFECTIVE COOPERATION EFFORTS, IN LINE WITH STRATEGIES AND POLITICAL GOALS.

Programming and intervention design need to be assessed in a dynamic perspective as the quality of formulation has evolved positively over the past five years. Critical factors limiting quality of preparation are the very short period for pipeline development (as low as a few weeks, linked to the annual programming cycle) and very limited resources for following up the preparatory phase adequately.

The limitations of annual programming and its reactive character have been discussed in EQ1; this section assesses capacities for the programming and design of relevant and effective interventions.¹¹⁷ Over the evaluation period programming and preparation evolved positively, with a tendency to a decrease in the number of projects and an increase in their value, with a



shift from “hardware” implementation to more integrated interventions developing systems and capacities, including technical assistance. This contributes to a trend of developing results-based frameworks and improving monitoring and evaluation arrangements (see EQ3/JC4 and 5).

In general programming and design tend to support the development of interventions relevant to intermediate objectives and to alleviating the symptoms of occupation and its binding constraints. Cooperation interventions are in general not designed to contribute to political goals.

Critical shortcomings of programming and design of interventions¹¹⁸ include:

- limited relevance to long-term goals;
- limited consideration of the political dimension of each intervention including specification of mechanisms for political engagement with Israel (when relevant) and the PA;
- no systematic and adequate support for policy reform;¹¹⁹
- lack of an outcome-based management system;
- analysis of external factors and risks (including binding constraints);
- frequent lack of sustainability arrangements;
- need to reinforce Civil Society contributions to sector goals;
- need to strengthen transparency mechanisms and accountability;
- lack of complementarities across tracks.

These weaknesses undermine the impact and effectiveness of EU interventions in effectively contributing to Cooperation goals.

EUREP promoted several initiatives to strengthen the gender focus of EU Cooperation such as the development of a local EU gender strategy, the establishment of an EU Gender Technical Working Group and prioritizing women as a priority target group in the thematic programmes (i.e. Non State

¹¹⁷ Findings for this section build on a) Interviews with EUREP Cooperation staff, b) assessment of project documents by the evaluation team, c) comparative analysis of ROMs and d) external evaluations of EU interventions.

¹¹⁸ The term “interventions” embraces all actions financed through EU Cooperation, including DFS, projects and support for refugees through UNRWA

¹¹⁹ Project and programme design did not systematically include specific results related to sector policy reform thus missing essential contributions to achieve sustainable sector benefits

Actors, Food Security, EIDHR) and in the EU support for the justice sector and for East Jerusalem. Joint actions with UN Women are also implemented to empower women economically, to increase their participation in public affairs and to address women's priorities in national planning and budgeting. Moreover, gender sensitivity was also included in training programmes for EUREP operational staff.

At project level external analysis revealed that gender and youth mainstreaming is still variable, depending on commitment of partner institutions¹²⁰ and recommending a more systematic approach.

¹²¹

EQ3/JC4 IMPLEMENTATION AND FOLLOW UP. CAPACITIES ARE APPROPRIATE FOR IMPLEMENTING AND FOLLOWING UP INTERVENTIONS IN LINE WITH POLITICAL GOALS;

A key asset for EU Cooperation is its staff: motivated, competent and hard-working. But resources are stretched to the limit and the system imposes numerous constraints, including the lack of an authorizing environment and improved tools for results-based programming.

Inadequate staffing is a well-documented limitation as revealed by several EUREP Communications¹²² and the Work Load Assessment (see text box). The past five years involved an increasing Cooperation workload, including significant increases in financial allocations since 2005¹²³, additional responsibilities with the decentralization process, the need to reinforce policy dialogue and coordination functions, increased responsibilities following application of the Lisbon Treaty (coordination of Member States), and additional demands from ENP subcommittees (increased from 4 to 6). Notwithstanding increased demands and repeated requests, EUREP staffing has remained practically constant since 2007.¹²⁴

“The insufficient capacities for the Delegation to properly support the operations is leading to an unsustainable situation placing at risk the objectives of the EUREP in OPT with evident worsening of EUREP credibility”

Source: Information shared by EUREP

Several functions are critically constrained by resource shortages¹²⁵, including:

- policy dialogue with PA;
- dialogue in Gaza with Civil Society;
- dialogue with Civil Society and capacity to mainstream Civil Society within all focal sectors and special measures.

Also similarly affected by lack of staff are capacities for strategic thinking, external and Member States coordination, programming, improved design of interventions, monitoring, lesson-learning, communication, and development of complementarities across tracks.

Implementation and follow-up effectiveness could also be improved by strengthening management by results. Work organization within EUREP is divided into four Operational Sections: i) Economic and Financial Cooperation, and institutional reforms; ii) Infrastructure, Water, Energy, Environment, Agriculture and UNRWA; iii) Social Affairs, Health, Education, Gender and Civil Society; and iv) PEGASE DFS. The aggregation of responsibilities and tasks for the four operational sections serves well the follow-up of the three tracks and financing instruments. However work organization does not appear designed for management by results or for developing complementarities across tracks and instruments.

¹²⁰ Gender joint-programmes were implemented by UN Women

¹²¹ ROM analysis, see Volume 2.

¹²² Note by EU Representative to DEVCO Director “shortage of operational human resources in EUREP” 2011, EUREP workload assessment, EAMR 2011 and 212

¹²³ During the period 2005 to 2007 the average Allocated amount to Palestine was up to €200M, see inventory of ENPI evaluation, volume 3 Annex 11.

¹²⁴ With the exception of one additional local agent contracted in 2013.

¹²⁵ Information shared by EUREP

The evaluation noted an ongoing internal reorganization process aimed at developing complementarities and strengthening efficiency of delivery; UNRWA has been transferred as of 1 September 2013 to Operation Section IV with the aim of seeking synergies between direct financial support for the PA and financial support for UNRWA – in particular in terms of service delivery. Operation Section IV also covering capacity-building related to PEGASE DFS such as social protection, civil service reform, and fiscal issues such as net lending and health referrals ¹²⁶.

The option of re-organizing EUREP work according to results should be assessed; and in this regard a significant increase of resources should also be considered as a pre-condition.

Results-Oriented Monitoring is routinely applied to following up interventions and assessment of the DAC criteria for projects¹²⁷. Relevant lessons have been drawn by EUREP following ROMs, including¹²⁸:

- need for joint donor action in the event of non-compliance;
- gender mainstreaming depending on commitment of partner institutions;
- need to improve contacts with Gaza;
- scope for reinforcing results-orientation of projects and risk assessment;
- a note concerning “an excessive and unjustifiable toughening in the interpretation of financial regulations with negative effects on project performances”;
- human rights explicitly addressed in all interventions.

No specific tools are applied to monitoring progress toward EU goals for Palestine in relation to the following points:

- effectiveness of interventions’ contributions toward the Two-State solution;
- effectiveness of contributions to a viable Palestinian state;
- strategic value of the intervention (for sector / area of intervention);
- political dialogue with Israel;
- political dialogue with PA;
- policy reform achievements;
- mainstreaming of Civil Society and role of CS as Cooperation partner;
- analysis of contributions to accountability and transparency;
- development of complementarities through Cooperation tracks.

Therefore, if monitoring and lesson learning tools are to acquire a strategic value for EU Cooperation, a specific adjustment to the context of the Cooperation with Palestine is required. This would require additional contributions of data analysis with aggregation of results (possibly organized by focal sector and with temporary support measures), and assessment of trends over time.

EQ3/JC5 LEARNING MECHANISMS. LEARNING MECHANISMS ARE IN PLACE FOR SUPPORTING NEW STRATEGIES AND COOPERATION INTERVENTIONS

The EU Cooperation makes frequent use of evaluations as learning mechanisms to assess instruments, sectors, thematic and regional programmes. Evaluation quality varies, although the analysis of several evaluations, reviews and audit over the evaluation period¹²⁹ shows that these exercises consistently generate relevant lessons and contribute to often convergent findings.

Capitalization from experience and the adjustment of Cooperation efforts is hampered by critical shortages of resources and the limited flexibility of EU Institutions, mechanisms, processes and procedures. For instance several independent evaluations’ recommendations¹³⁰ have underscored

¹²⁶ Source: EUREP, March 2014

¹²⁷ In 2012 32 projects were reviewed by two ROM missions (EAMR 2012)

¹²⁸ Ibid.

¹²⁹ See complete list in bibliography, Annex 2

¹³⁰ i.e. Evaluation of EU support delivery of community services in East Jerusalem (May 2012), or the Audit by the EU court of auditors to the Direct Financial Support for the PA (2013)

the need to reinforce political engagement supporting Cooperation efforts, but so far they have not significantly affected the mechanisms and outcome of political dialogue.

Another aspect which the evaluation team considers has not been adequately assessed by the EU Cooperation is the potential negative socio-economic impact of the Cooperation¹³¹, especially as to how aid, by concentrating power and financial resources in the hands of a restricted group of persons with limited oversight and accountability, may affect significantly the political economy in Palestine, with adverse effects on good governance and social justice¹³² (see further EQ 5-6).

EQ3/JC6 COMMUNICATION. EFFECTIVE COMMUNICATION AND VISIBILITY STRATEGIES AND MECHANISMS SUPPORT EU COOPERATION

Relevant, well-structured and active communication efforts aim to promote awareness of EU aid flows and promote EU Cooperation and involvement in the peace process, highlighting sector work and successes. These efforts seem to produce results in terms of a positive perception of EU support for the Palestinian people, including in Gaza.

Well-structured annual communication plans exist, with clear objectives, tools and planning of actions in Palestine. A joint EU/ UNRWA communications plan is also established, its aim being to raise awareness of the partnership and of EU support for Palestine refugees. The overall goal of the communication is to create awareness of EU aid flows.

A broad and capillary campaign makes use of several tools, including Palestinian TV broadcasts (dedicated programme “from Europe to Palestine”), 15 radio episodes transmitted through 17 stations (with five advertisements per day), outreach activities, and a Ramadan TV show. Billboard campaigns highlight priority sectors of Cooperation¹³³. Day-to-day work with the press includes briefings, interviews, regular coverage by the Head of Mission, and coverage of EU events and major visits to Palestine. Other communication tools include visits by journalists from Member States and the recent development of social media, including pages for Twitter and Facebook.¹³⁴ The Webpage is frequently updated.¹³⁵

Projects have their own communication budget lines, although only 4% of projects have developed a communications plan¹³⁶ and in general project staff lack specific communication skills¹³⁷. In general projects communicate through press releases and organise public events to communicate on milestones. Many projects in Cooperation with EUREP hold press visits to brief European and Palestinian journalists and several stories on EU Cooperation were covered by Eastern European media outlets.

Communication and visibility are extremely sensitive in the Palestinian context, in which all communications and public relations efforts have a political dimension. Communications in Palestine face significant challenges due to the diversity of EU efforts, the geographical fragmentation, the perception that EU is “a payer and not a player”, and to the non-visual nature of significant financial contributions such as DFS which, lacking visible outputs, is difficult to communicate.

¹³¹ Hypothesis supported by several Civil Society groups interviewed by the evaluation team

¹³² Statement supported by interviews with several Civil Society actors and converging studies, including “Globalized Palestine” by Khalil Nakleh, 2012 and the “Palestinian Capitalists that have gone too far” Tariq Dana, 2014

¹³³ Sources include EAMR report (2012), interview with Communication Section of EUREP, and analysis of communication plan, review of pamphlet, websites, and press.

¹³⁴ EUREP Facebook page was scored as the most successful amongst EU Delegations, with 83,000 friends.

¹³⁵ 50 updates for 2012, source EAMR 2012

¹³⁶ Performance indicator n.15 in EAMR 2012

¹³⁷ Interview with EUREP press and information office staff, January 2014

However, overall the Palestinian people tend to have a positive perception of EU Cooperation, including in Gaza. Publication of the guidelines¹³⁸ has significantly improved the perception of EU support which goes beyond financial assistance.^{139&140}

There are also areas for improvement. Effectiveness of communication is hampered by the rather narrow scope of communication. Communication is mostly oriented to a Palestinian target, with very few efforts addressed to raising awareness and support among EU taxpayers and citizens. The EU public has in general a very shallow and often stereotyped or biased perception of the situation in Palestine,¹⁴¹ a factor limiting active support in favour of proactive engagement with the aim of conflict resolution¹⁴².

Although communications are funded through different budget lines¹⁴³, outcomes are constrained by availability of human¹⁴⁴ and financial resources. Other challenges relate to access problems (Gaza and East Jerusalem) and the lack of a widespread communications culture among EU cooperation stakeholders (EU staff, technical assistants, institutional counterparts). Effectiveness of communication is also impaired by the limited availability of messages relating to EU support for democracy, peace and a Two-State solution.

¹³⁸ "Guidelines on the Eligibility of Israeli Entities and their Activities in the Territories Occupied by Israel", Official Journal of the European Union (2013/C 205/05)

¹³⁹ Statements from several Palestinian stakeholders, including politicians, institutions, civil society.

¹⁴⁰ See also polls taken by Skikaki's organization / Pal Centre for public opinion

¹⁴¹ Evaluation Team qualitative assessment for different regions of Europe-

¹⁴² Finding supported by evaluation team members interviews with EUREP and exchanges with Civil Society

¹⁴³ Communication budget lines include: Campaigns FPI – EEAS (press budget of 94,000 €); PR / diplomacy; DEVCO global allocations for communication (250,000 €); Projects have own budget for communication (min 1000 €) source: EUREP Communication section

¹⁴⁴ EUREP communication section is manned by a staff of two. For a comparison USAID communication office in Tel Aviv counts with a staff of 13.

2.4 EQ4: COOPERATION INSTRUMENTS

Are the different Cooperation instruments adapted, suitably flexible and effective for contributing to political and Cooperation goals?

Summary Answer Box EQ4: Cooperation Instruments

Aid delivery to Palestine flows through four Cooperation tracks: 1) Direct Financial Support, 2) development programmes, 3) support for refugees through UNRWA and 4) Humanitarian Assistance (the latter not covered by the current evaluation). A range of Cooperation instruments, progressively adjusted through time, addresses a complex landscape of contextual factors, needs and high risks.

The mix of tracks and instruments is mainly geared at objectives of service delivery and basic, short-term stability, with a total of 74% of DEVCO resources. For these purposes, EU Cooperation is suitably flexible to adjust aid volume and modalities to the context, ensuring a reliable pattern of disbursements over time.

However, the EU approach to its various instruments does not privilege direct contributions to the wider political goals and therefore tends to support a rather precarious stability, not based on effective conflict resolution. This, in turn, also hampers the overall relevance, impact and sustainability of Cooperation interventions.

The limited capacity of EU Cooperation mechanisms to contribute effectively to wider political goals through Cooperation instruments is due to (i) lack of engagement in the political dialogue; (ii) scarcity of human resources; (iii) the relative lack of measurable sector outcomes and results frameworks; (iv) missed opportunities in using EU leverage for policy reforms; (v) lack of effective complementarities across various tracks of Cooperation.

PEGASE Direct Financial Support is an instrument adapted to the context, taking into account the high level of risks and the need for a reliable financial flow to promote short-term stability and operation of institutions and the PA. Yet evidence suggests that the injection of more than €1 billion of aid flow to the PA through PEGASE DFS has not yet been sufficiently accompanied by political engagement and leverage for policy reform. The need to introduce a comprehensive results-based framework and an increased focus on outcomes and quality of service delivery is recognized by EUREP and since 2012 several activities have been initiated to put in place a results-based management system.

Lack of monitoring and discipline in financial support for recurrent budgets has encouraged an increasing wage bill contributing to fiscal unsustainability, negatively contributing to the EU's goal of a "viable Palestinian State". The evaluation feels that insufficient attention was paid to DFS's political, economic and social long-term effects, including risks of nepotism, socio-economic distortions, and strengthening of political cronyism (*wasta*), thereby limiting PA accountability while providing opportunities for increased spending in the other sectors, including security.

Projects (Track 2) were financed through geographical and thematic instruments to a total of €373m in the period under evaluation. Projects have been evolving positively, from simple infrastructure delivery to broader and complex interventions addressing the need for capacity-building, with an increasingly results-oriented approach (including monitoring and evaluation systems).

However, the overall effectiveness of these programme and project approaches is limited by a number of factors including:

- lack of EU engagement in addressing "binding constraints" (often projects tend to mitigate the effects of occupation while not addressing the root causes of conflict);
- overstretched PA absorption capacities;
- projects accruing recurrent costs for beneficiaries, often undermining sustainability in the context of Palestine;
- projects in general responding to a fragmented number of demands not necessarily adding up to a strategic approach to sector or Cooperation goals.

Project effectiveness and efficiency are also constrained by cumbersome financial and procedural mechanisms and shallow design.

Regarding the challenge of ensuring complementarity, evidence indicates that the management of Cooperation tracks and sectors generally follows a 'silo approach'. This is partly linked to the shortage of capacities to invest in developing complementarities and synergies. Cooperation tracks, particularly 1 and 3, have still limited openings to Civil Society partnerships although there are signs of a search for stronger CSO engagement. With the SSF complementarities across tracks, sectors and instruments may also be further promoted.

EU support for refugees through UNRWA is effectively contributing to human development of refugees and to supporting regional stability. Support is provided for essential humanitarian needs and for human development. UNRWA is also providing a political space for efforts toward a peace deal. UNRWA work promotes EU values of dignity, humanity, solidarity and tolerance among the Palestinian refugee population. These values and mindsets contribute significantly in the long term to the path toward peace. Good standards of basic services are delivered in a difficult environment; UNRWA is facing an increasing demand for services, with no commensurate expansion of the budget. Notwithstanding significant contributions to long-term goals of stability and peace, this track 3 of EU Cooperation, as activated now, has limited contributions to the political goals of building a viable State, a two-State solution and fostering conflict resolution.

EQ4/JC1 PEGASE DIRECT FINANCIAL SUPPORT (DFS) IS EFFECTIVELY SUPPORTING POLITICAL GOALS

The first track - Direct Financial Support (DFS) through PEGASE - receives the most significant share of EU financial Cooperation, with 56% of financial resources committed during the evaluation period (2008-2013), more than €1bn over six years. The DFS component of PEGASE covers the support for the recurrent expenditure of the PA in delivering basic public services through the windows of Support for Civil Servants and Pensioners (CSP), Support for Vulnerable Palestinian Families (VPF), Payment of salaries to the Civil Police and Civil Defence (CPD)¹⁴⁵, Support for Essential Services (SEPS), and payment of Arrears in the Private Sector. About 69% of these resources are in support of Civil Servants and Pensioners (CSP).

Direct Financial Support is an instrument adapted to the context, taking into account the high level of risk and the need for a reliable financial flow to promote short-term stability and operation of institutions and the PA-

Table 4: PEGASE DFS Committed amount (2008 – 2013)

Mechanism	N. of contracts	Committed amount	%
PEGASE DFS - CSP	15	844,350,000	72%
PEGASE DFS - VPF	24	193,859,147	16%
PEGASE DFS - SEPS	5	119,630,000	10%
PEGASE DFS – Arrears Private Sector	2	10,027,486	1%
PEGASE DFS – GLOBAL ¹⁴⁶	8	6,963,930	1%
PEGASE DFS – CPD	2	4,576,652	0%
Total	56	1,179,407,214	100%

Complex mechanisms for tracking the financial flow to intended beneficiaries have been positively appraised by external assessments¹⁴⁷ and the 2013 audit¹⁴⁸.

DFS is also supposed to contribute to enhanced governance and strengthening institutions, using the leverage of EU funds to push for reform. However, evidence collected clearly shows that the need to ensure a reliable financial flow to support service delivery and short-term stability has been the justification for avoiding the definition of conditionalities, which may have constrained disbursement. The EUREP approach has been based on

“Lack of monitoring and discipline in financial support for recurrent budget encouraged an ever increasing wage bill contributing to fiscal unsustainability, negatively contributing to EU goal of a “viable Palestinian State”.

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¹⁴⁵ PEGASE CDP is supported by Netherlands Cooperation only

¹⁴⁶ PEGASE DFS – GLOBAL includes contracts referring to DFS interventions without a clear component destination and to technical support for DFS interventions

¹⁴⁷ See External Evaluation of PEGASE 2008-2011 For West Bank and Gaza, Final Report;

¹⁴⁸ EU Court of Auditors, EU Direct Financial Support for the Palestinian Authority, special report n. 13, 2013

promoting changes through a structured policy dialogue and follow-up rather than strict conditionalities. The evaluation team can understand the rationale for such an approach. Yet together with a large majority of stakeholders interviewed¹⁴⁹ it considers that the lack of a results-based framework tied to specific consequences has undermined the EU's capacity to apply leverage in support of reforms and changes, significantly limiting the effectiveness of EU aid. The injection of €1 billion of aid to the PA through DFS not been sufficiently accompanied by adequate political engagement and leverage for policy reform. This in turn has contributed to the EU being labelled as a "payer and not a player".¹⁵⁰

The need to introduce a comprehensive results-based framework linked to consequences and for an increased focus on outcomes and quality of service delivery is recognized by EUREP. Since 2012 several activities have been initiated to support the development of a results-based management system¹⁵¹.

Although an active dialogue through several platforms has been established and Civil Society has been involved in some transparency and budget oversight activities, this track of Cooperation had limited involvement by Civil Society in terms of contributions to design, allocation of resources, development of democratic governance, policy reform, oversight of spending, and development of accountability mechanisms for the Palestinian people.

On the whole the evaluation suggests that insufficient attention was paid to DFS's political, economic and social long-term effects, including risks of nepotism, socio-economic distortions, strengthening of political cronyism (*wasta*), thereby limiting PA accountability while providing opportunities for increased spending in the other sectors, including security¹⁵².

EQ4/JC2 MIX OF INSTRUMENTS. THE EU USES ITS VARIOUS INSTRUMENTS IN A STRATEGIC AND COMPLEMENTARY MANNER TO OPTIMIZE IMPACT.

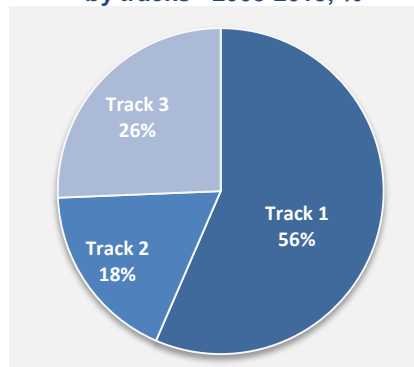
Tracks and instruments of Cooperation. Aid delivery to Palestine flows through four Cooperation tracks: 1) DFS, 2) development programmes, 3) support for refugees through UNRWA and 4) Humanitarian Assistance (ECHO). This evaluation covers the first three tracks.

The first track - Direct Financial Support (DFS) has been addressed in JC 1.

The second track (development programmes) accounts for €372,7m (or 18% of overall aid). Several thematic and geographic instruments contribute to the development effort.

The third track – support for UNRWA - receives 26% of the total Committed amount, that is €535,3m including €68.5m for interventions related to food security programmes and implementation of the "Special Hardship Case Programme Reform Initiative in Gaza" (€9m)¹⁵³.

Figure 6: DEVCO Committed amount by tracks - 2008-2013, %



Source: DWH and DRN elaboration

¹⁴⁹ Including evaluation interviews to DEVCO and EEAS, EUREP staff, PA, Civil Society and international Cooperation

¹⁵⁰ Finding supported by numerous sources, including MS officials, World Bank, Civil Society interviews and external assessments of EU interventions.

¹⁵¹ Activities to support the development of a results-based framework include the setting-up of an EU Informal Group since January 2013, meetings with other direct financial assistance donors since May 2013, brainstorming with MoF/MoPAD/line Ministries as of July and discussions during ENP ECFIN of November 2013. These activities aim to evolve towards the definition of a results-oriented framework covering both policy issues and service delivery, aligned to the PNDP 2014-2016, in coordination with the other donors contributing to the national budget recurrent costs (EUREP communication, March 2014)

¹⁵² Finding supported by interviews with several Civil Society stakeholders; the analysis is developed by several publications including "Globalized Palestine" by Khalil Nakhleh, 2012

¹⁵³ Effectiveness of track 3 is assessed in JC3

On paper, Cooperation tracks and funding instruments aim to underpin the goals of stability and development, all contributing to the political objectives of a viable, democratic Palestinian State and the Two-State solution. Resource allocations through the three tracks and the financial instruments are summarized in Table 5.

Table 5 : DEVCO Committed amount to Palestine by Funding Instrument 2008-2013, values in €

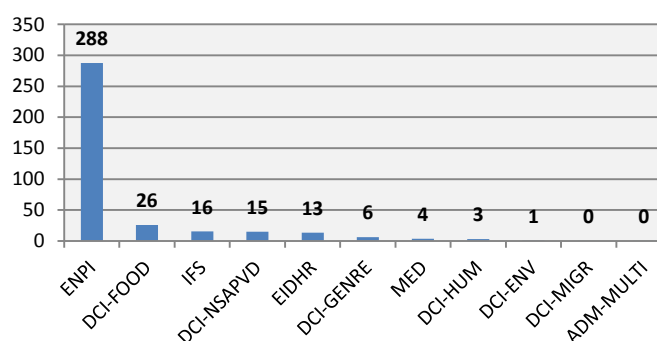
Type of instrument	Funding Instrument	Track 1	Track 2	Track 3	Total	%
Geographic instruments	MED	2,850,723	3,718,054	23,240,521	29,809,298	1.4
	ENPI ¹⁵⁴	1,172,056,491	287,655,859	414,762,254	1,874,474,604	89.8
Thematic instruments	DCI-FOOD		26,096,629	64,500,549	90,597,178	4.3
	IFS-RRM ¹⁵⁵	4,500,000	15,575,187	32,841,810	52,916,998	2.5
	DCI-NSAPVD ¹⁵⁶		14,989,395		14,989,395	0.7
	EIDHR		13,253,736		13,253,736	0.6
	DCI-GENRE		6,386,118		6,386,118	0.3
	DCI-HUM		3,311,072		3,311,072	0.2
	DCI-ENV		1,309,440		1,309,440	0.1
	DCI-MIGR		346,164		346,164	0.0
	DCI-NSA		86,236		86,236	0.0
	ADM-MULTI		24,500		24,500	0.0
	TOTAL	1,179,407,214	372,752,393	535,345,135	2,087,504,740	100.0 %

Source: CRIS, and Evaluation Team elaboration (see Inventory)

Effectiveness of resource allocation The following considerations may be drawn from the combination of resource allocation:

- The lion's share, 82% of Cooperation resources, is assigned to tracks 1 and 3, in both cases aimed at goals of stability through the provision of essential services to the Palestinian people and, for track 1, ensuring the maintenance of institutions. Yet the primarily short-term nature of the aid provided only guarantees a precarious stability, as it is not built on premises of conflict resolution and peace;
- The Cooperation concern for short-term stability is also shown by the constant flow of resources over the six years (reliability of Cooperation disbursements) and the choice of avoiding conditionality for EU aid;
- Direct Financial Support, as delivered now, is not effective in contributing to long - term goals, particularly in view of a lack of results-based management, absence of accountability mechanisms to Palestinian people, the insufficient leveraged action for policy reform and, most importantly, the absence of an effective political dialogue with Israel to make progress towards a Two-State solution;¹⁵⁷

Figure 7: DEVCO Committed amount by funding Instrument under Track 2, 2008-2013, values in M€



Source: DWH and DRN elaboration

¹⁵⁴ ENPI includes both contracts falling under the Bilateral and Regional Cooperation, however, the Regional Cooperation receives only €25M, accounting for 1,2% of the total funds pledged under ENPI.

¹⁵⁵ Instrument for Stability - Rapid Reaction Mechanism

¹⁵⁶ Non-State Actors and Local Authorities in Development

¹⁵⁷ See analysis in EQ 1, 6 and 7

- The second track, although representing a small fraction (18%) of financial Cooperation, still accounts for significant resources, amounting to a total Committed amount of €372,7m, with average annual distribution of €62m, delivered through geographical instruments (ENPI and MED), and several thematic instruments (see figure above). Within this portfolio ENPI provides 77% of development programme funding. This track, implemented through a programme or project aid modality, supports in general interventions that are relevant to sectors' priority and concrete needs;¹⁵⁸
- Projects tend to work well when supported by a solid logic, and external factors and risks are taken into account in the design;
- Projects have been evolving significantly since 2008. In the early stages this aid modality was used mainly to support reconstruction and infrastructure development with a focus on hardware delivery. However, this approach had limited effectiveness in terms of contributions to improving sector performances and achieving political goals. Over the past two years the design of projects has been modified with a view to funding larger interventions, taking into account the needs for capacity-building (including technical assistance component), a results-based approach and a structured monitoring and evaluation framework.¹⁵⁹

The overall effectiveness of the “project approach” in Cooperation with Palestine is affected by several factors:

- projects have limited capacity to address adequately the “binding constraints” such as occupation and internal divisions, effectively limiting their potential to impact on EU goals; often projects tend to mitigate the effects of occupation without addressing the root causes of the conflict;
- projects build on local capacities and ownership and PA capacity-building absorption which is stretched by Cooperation demands (see EQ1 and EQ6 – judiciary part);
- projects typically provide investments for development efforts, accruing recurrent costs for beneficiaries, a factor often undermining sustainability in the context of Palestine;
- projects in general reflect fragmented demands not necessarily amounting to a strategic approach to sector or Cooperation goals.

The third track contributes to critical outcomes for regional stability. Yet the nature of the current UNRWA mandate limits the potential also to mobilise this aid to contribute to the goals of a viable Palestinian State and the Two-State solution (analysis further developed in JC3).

The following table summarizes the strengths and weaknesses of each approach and the conditions required for effectiveness

Table 6: Effectiveness of Cooperation tracks: strengths and weaknesses

Cooperation Track	Strengths	Weaknesses	Conditions for increasing effectiveness
Direct Financial Support	<ul style="list-style-type: none"> • Supporting stability • Ensuring essential service delivery • Meeting institutions recurrent costs • Flexibility • Allows for reliability • Not excessively demanding in terms of EU management 	<ul style="list-style-type: none"> • Lack of results-based framework • Limited accountability to Palestinian people • Negative impacts (institutional capacity, sustainability of State, political-economy) • Very limited interactions with other tracks • Limited partnership with Civil Society 	<ul style="list-style-type: none"> • Results-based framework (*) • Focus on outcomes and quality of services (*) • Addressing issue of sustainability • Increased participation of Civil Society in track 1 (engagement in policy dialogue, oversight, accountability, transparency) • Supported by engagement in political dialogue (*)

¹⁵⁸ Finding supported by external assessments (i.e. Review of effectiveness of NSA 2007 - 2011), confirmed by the comparative ROM analysis carried out in the context of this evaluation and the evaluation team own assessment of interventions.

¹⁵⁹ Interviews with Cooperation staff in EUREP. January 2014 and evaluation assessment of projects

Cooperation Track	Strengths	Weaknesses	Conditions for increasing effectiveness
Development interventions	<ul style="list-style-type: none"> Supporting development goals Financing a broad range of demands Strengthening Civil Society Longer term horizon Opportunity to contribute to sector goals Mitigating effects of occupation 	<ul style="list-style-type: none"> Limited interactions with other tracks Numerous contracts, cumbersome to design, administer and follow up Mitigating effects but not addressing root causes Limited flexibility to adjust to evolving context 	<ul style="list-style-type: none"> Supported by political dialogue to overcome binding constraints Need to address policy environment through reform Taking risks better into account Specifically designed to contribute to long-term goals Overcoming silo approach and developing complementarities with other tracks
Refugee support through UNRWA	<ul style="list-style-type: none"> Contributes effectively to regional stability Building Palestinian human capital for the long term Quality of services UNRWA as a reliable partner for implementation Disengages EU from management of 30% of financial resources The inclusion of PLO in UNGA provides some (distant) level of participation of Palestinian People to UNRWA 	<ul style="list-style-type: none"> Although effectively contributing to long term benefits to refugee population and the region, UNRWA services have limited impact on EU political goals An improving results-based framework which still needs to be reinforced Limited accountability to Palestinian people Limited interactions / complementarities with tracks 1 and 2 Limited complementarities in Palestine and other fields (Jordan) Increasing demand, limited resources Limited participation of beneficiaries 	<ul style="list-style-type: none"> Measure to be accompanied by strong engagement to resolve conflict and position of refugees after 60 years Increased accountability to Palestinian People Attention to quality of services Need to focus on priority areas of mandate Need to build complementarities and avoid competition with institutional service delivery Increased participation of beneficiaries

Source: Evaluation Team Assessment

Note to table 6: Efforts are undergoing to develop a number of means to increase effectiveness¹⁶⁰ - flagged in the table as (*) - although by the end of the evaluation no evidence of results (measurable changes related to EU Cooperation efforts) could be found by the evaluation team in these respects.

Flexibility When it comes to funding short-term needs, the EU Cooperation achieved a comparatively high degree of flexibility in allocation of financial resources through the annual programming cycle and related twice-yearly disbursement orders mechanism, which allows accommodation of financial allocations according to the situation on the ground.

Complementarities Development of complementarities at strategic level has only recently been addressed by the drafting of the Single Support Framework.

A wrong assumption underlying EU Cooperation efforts?

The allocation of 74% of Cooperation resources to recurrent costs for service delivery seems to build on a wrong assumption: namely that— the external environment is favourably developing towards peace and the establishment of a viable and contiguous Palestinian State. In such a case working for stability and developing the capacities of the Palestinian people and institutions might have contributed to political goals. But this is not the case and has not been over the past decade, as the situation has been increasingly deteriorating and the window for the two-State solution has been progressively closing. This incorrect assumption has not been addressed while significant financial Cooperation efforts have failed to contribute to the overarching political goals.

Although the EU is globally responding to increased needs, the evaluation found scope for strengthening complementarities between Cooperation instruments and the Cooperation tracks, as is evident in a number of instances, for example:

- lack of complementarities across the three tracks for health and education;

¹⁶⁰ EUREP communication, April 2014

- lack of a strategic approach to sector goals and development of complementarity through the three tracks for the focal sectors and “temporary support measures” of the SSF;
- lack of a common strategy and existing but limited synergies for humanitarian assistance and food development approaches with ECHO.

The reasons underlying the limited capacity for strategically building complementary uses of Cooperation modalities and different instruments include the following:

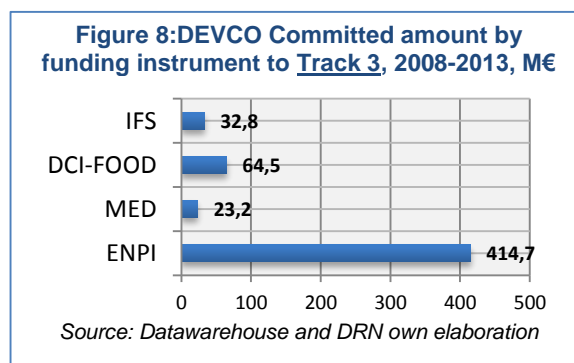
- EU Cooperation lacks overall management of the four different tracks, and limited connection of management perspectives constrains the development of a comprehensive strategic view of interventions and the establishment of interactions and complementarities;
- lack of a common results-based framework for the different sectors, to align and harmonize the goals and actions of different instruments;
- limited human resources, a major limiting factor;¹⁶¹
- a rather compartmentalized internal organization;¹⁶²
- need to develop a culture of working together for common goals;¹⁶³
- administratively cumbersome instruments, not adapted to short-term planning or to promoting synergies;
- limited capacity for political engagement and support for financial interventions through the different tracks;
- shallow design of interventions for the three tracks.

The effectiveness of the Cooperation approaches and instruments in respect of political goals is reduced by several factors, including the lack of engagement in political dialogue, scarcity of human resources, interventions not driven by clear definition of sector goals and results frameworks, missed opportunities in leveraging for policy reforms, lack of capacities to establish effective complementarities across tracks, and poor design.

EQ4/JC3 UNRWA. SUPPORT FOR REFUGEES THROUGH UNRWA IS STRATEGICALLY SUPPORTING THE ACHIEVEMENT OF EU GOALS FOR THE PALESTINIAN PEOPLE

Overview Track 3 aims to support a 4,9 million refugee population through UNRWA in five different geographical areas (fields): Gaza, West Bank, Jordan, Lebanon and Syria (see figure 9). EU financial support for UNRWA is delivered *via* a number of sources, including core budget funding, IfS funds for projects, emergency appeals (ECHO) and bilateral Cooperation (Jordan and Lebanon).¹⁶⁴

Figure 8 summarizes the allocation of resources through the different financial instruments.



UNRWA's goal is to support the human development of the refugee population, providing basic services in areas of education, health, relief and social services¹⁶⁵, contributing to regional stability, and providing a voice and key reference for refugees. UNRWA mandate also covers provision of humanitarian assistance and protection. The support for UNRWA aims to promote common values of dignity, tolerance, humanity and solidarity among refugee population thus contributing to long term goals of peace and stability in the region.

¹⁶¹ See discussion of EQ3 and how limited human resources effectively constrain strategic thinking and development of complementarities

¹⁶² The evaluation recognizes however significant efficiency of communication flow within different sections of EU Cooperation

¹⁶³ Statement embracing: EUREP and Member States, UNRWA, Civil Society, PA

¹⁶⁴ ECHO and bilateral Cooperation funding are outside the scope of the present evaluation.

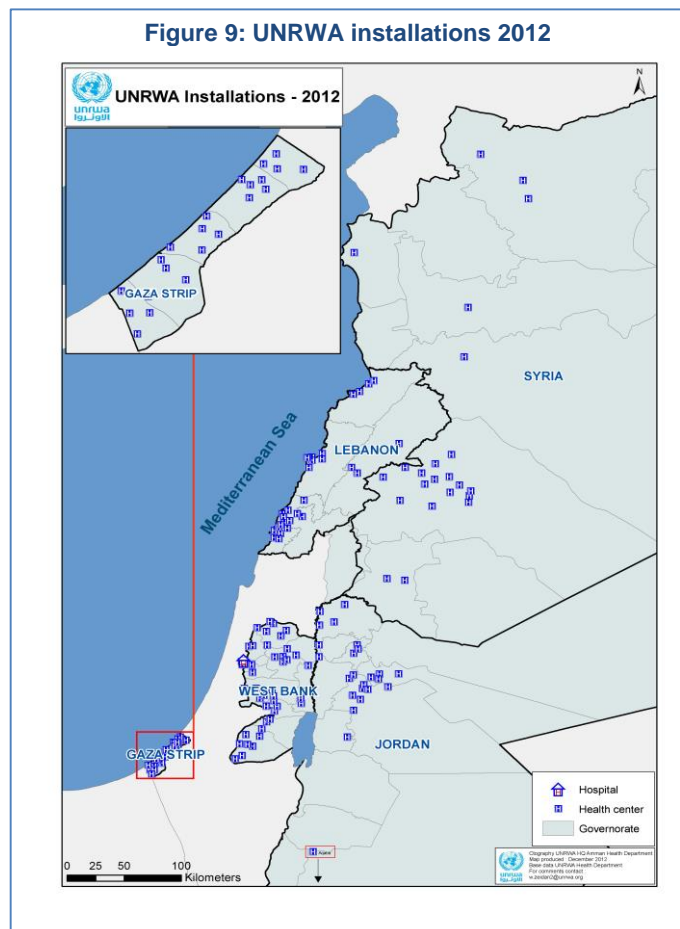
¹⁶⁵ Services are also provided on micro-finance and micro-enterprise

Effectiveness of UNRWA support for refugees External assessments appraise positively the benefits achieved in the areas of education and health and confirm that UNRWA services do overall help avoid a situation in which Palestine refugees contribute to regional instability.¹⁶⁶ External assessments confirm that UNRWA delivers basic services efficiently in comparison with other regional providers.¹⁶⁷

Critical aspects are the increasing demands on UNRWA due to the Syrian crisis, an expanding population¹⁶⁸ and an added focus on quality of services. These rising demands and increased cost of delivery (i.e. related to inflation) are not reflected in any equivalent growth in UNRWA's budget.

Enhancement of the effectiveness of EU support for UNRWA operations towards refugees¹⁶⁹ should take account of the following aspects:

- Although significant progress has been achieved over the past years in results-based management¹⁷⁰ there is scope for further strengthening the existing results-based framework and results-based monitoring and evaluation system; funding of the core budget with a broad mandate and a lack of clarity of operational objectives¹⁷¹ are factors limiting UNRWA's ability to manage by results and the EC's capacity to appraise the effectiveness of the support for the organization and the outcomes for refugees.
- EU is seeking to develop complementarities through the three funding channels to UNRWA. The evaluation found scope for strengthening complementarities for service delivery in each field, for instance seeking complementarities in West Bank and Gaza for education and health interventions supported through tracks 1 and 2, so as to avoid duplication of services, promote reforms and reinforce sustainability through institutional capacity-building (see EQ1 and EQ7).



- Efforts of cooperation and dialogue with the PA are in progress.
- The sensitivity of UNRWA's cooperation with PA in the current fragile context and the need for profound political, structural and cultural change for effective cooperation and partnership.
- Difficulties of service devolution to host Countries as both refugees and host Countries tend to oppose such changes.

¹⁶⁶ For instance in UNRWA camps in Jordan was observed during the Arab spring a remarkable situation of calm and stability (interviews with UNRWA and staff of UNRWA El Jareh camp, January 2014)

¹⁶⁷ The assessment of effectiveness builds on the results of September 2013 study: " DFID's support fro Palestine Refugees through UNRWA (ICAI)

¹⁶⁸ An estimation of additional 10,000 children per year (Interview with UNRWA field office in Amman)

¹⁶⁹ Findings supported by 2011 evaluation of UNRWA Organizational Development and 2013 study on DFID support for the organization.

¹⁷⁰ Within the forum of UNRWA Advisory Commission members have welcomed UNRWA's effort to consolidate and improve the quality and consistency of monitoring and external reporting and have acknowledged this monitoring tool and process.

¹⁷¹ Ibid

- While recognizing recent efforts supported by the EUREP to improve cooperation with the PA, a strengthened UNRWA – PA partnership could build synergies in areas of comparative advantage, for instance taking into account the fact that the PA has been performing very well on social welfare (see EQ7)¹⁷²; other stakeholders could also enter as complementary service providers, including Civil Society and other UN Agencies;¹⁷³
- There is a need to seek complementarities with National Indicative Programmes and EU bilateral Cooperation in Jordan and increased coherence in EU programming. The evaluation visit to Jordan revealed existing but limited interactions between UNRWA and the EU Delegation and the way in which the National Indicative Programme fails to tackle the issue of refugees. Opportunities should be explored, for instance to meet the existing demand for institutional support and capacity-building in the Department of Palestinian Affairs (DPA), to develop with limited financial involvement the opportunities for dialogue and the capacity to leverage reforms, thereby increasing the effectiveness of support for the refugee population in Jordan.¹⁷⁴
- The core business of UNRWA and its “area of doing best” relates to primary education, primary health and social relief, areas in which external assessments confirmed its capacity to deliver and generate impact. UNRWA has been broadening its area of intervention in accordance with demands and priorities.¹⁷⁵ These services are very important to the refugee population. The Mid-term Strategy (MTS) should address budget shortfalls by prioritizing and specializing in areas of comparative advantage; EU and other donors should support identification of partners and resources to address the demand for additional services.

While Track 3 of the EU Cooperation provides substantial - and essential - long term benefits for the Palestinian refugee population and for regional stability and human development, contributions to EU political goals of building a viable State, a two-State solution and conflict resolution are limited.

After 60 years the continued provision of essential services to refugees without finding a solution to the conflict and the refugees’ situation is contributing to maintenance of the *status quo*, without significant progress toward the achievement of EU goals or resolution of the refugees’ plight. Failure to deal with the overall political situation perpetuates a situation which continues to develop, straining resources and ultimately threatening long term sustainability and stability.

Limited interactions with the PA and national education and health systems, and limited accountability to the Palestinian people, also mitigate contributions to the establishment of a viable State.

Strategic orientations to strengthen effectiveness. Following donor pressure in terms of the principles of effectiveness and in the light of increasing demand and the limited budget, UNRWA is adjusting its strategy, considering how priorities could be set in its next Mid-Term Strategy.

The word “phasing out” is still a strong taboo in UNRWA discourse, but after six decades of no solution to the refugee drama, and with no light at the end of the tunnel, such concepts as “decreased reliance” and “socio-economic empowerment” start being discussed within the organization.

Accountability. UNRWA’s accountability system builds on a number of measures supporting transparency, results-based management, lesson learning and sharing,¹⁷⁶ and a governance

¹⁷² UNRWA has been shifted to the Direct Financial Support section as of 01/09/2013, to facilitate synergies between track 1 and 3 of Cooperation Efforts (EUREP Communication, March 2014)

¹⁷³ The example of a constructive collaboration with a national institution is set by UNRWA and DPA working together for the improvement of camps in Jordan

¹⁷⁴ Interview to DPA, January 2014

¹⁷⁵ UNRWA services cover as well TVET support (in Jordan), garbage collection in camps, broad primary health-care services, subsidies for hospitalization, human rights and protection and address domestic and gender-related violence.

¹⁷⁶ Measures include: UNRWA external assessment (2010), harmonized result-based reporting, 2012 evaluation, the establishment of a monitoring unit (2011) following up targets, support from the department of internal oversight (follow up of independent evaluations and audits), Annual commissioner report for UN General Assembly, Result Oriented Monitoring for projects financed by EU and the Mid-term Review. These documents have been made available to the evaluation mission.

mechanism designed to account to the UN system and donors. UNRWA needs to further develop specific accountability to its beneficiaries, the refugee population.

Several sources pointed to the need for strengthening budget clarity, and several stakeholders interviewed called for EU pressure for increased clarity in the UNRWA budget ¹⁷⁷. EUREP has over the past two years been actively engaged in a policy dialogue with the Agency, donors, and hosts on issues relating to budget transparency and accountability, prioritisation, sound decision-making and governance, as well as the efficiency and effectiveness of the Agency's operations.

¹⁷⁷ DFID supported through capacity building activities increased UNRWA budget transparency.

CLUSTER C: ACTORS AND STRATEGIC PARTNERSHIPS

If the EU wishes to realize its ambitious political and Cooperation agenda, it needs "strategic alliances" on the ground. This implies developing clear engagement strategies with major players with political clout and potential added value in development terms. This cluster assesses how and to what extent the EU has developed such strategic alliances over time (as an integrated part of its overall strategy) and also used them effectively to increase its relevance, outreach and impact.

EQ5 reviews three types of partnership, respectively with Palestinian Civil Society (JC1), UNRWA (JC2) and International Finance Institutions (JC3). It reviews the nature and quality of these alliances as well as the degree to which the EU has effectively seized opportunities to work with them to enhance the prospects for achieving its political and Cooperation goals for Palestine and Palestinian People.

2.5 EQ5: STRATEGIC ALLIANCES

To what extent and how has the EU engaged in strategic alliances with key actors in-country with a view to enhancing the relevance, outreach and impact of its own political and Cooperation efforts?

Summary Answer Box: EQ 5 Strategic Alliances

Relatively solid partnerships, supported by common goals and dialogue, have been established by the European Union with Palestinian Civil Society, UNRWA and International Finance Institutions, primarily with a view to supporting Cooperation activities and increasing the effectiveness of aid delivery. However the potential of these alliances for making progress towards achieving EU political goals in Palestine has not effectively been exploited owing to the absence of a clear strategy, limited human resources and lack of political back up.

Since UN General Assembly recognition of Palestine as a non-member observer State there has been a shift in Civil Society's role and responsibilities, as service delivery has gradually become an area of competence of relevant institutions and, simultaneously, the role and engagement of Civil Society in policy definition has been increasing, including participation in the definition of National Development Plans, consultation on national policies and participation in local governance.

EU Cooperation has been supporting this recent shift, by promoting a stronger involvement of Civil Society in ENP sub-committees consultations, in domestic policy dialogue with the Palestinian Authority on sectoral policies as well as on political issues such as human rights, rule of law and governance. Thematic programmes priorities have been redefined in consultation with Civil Society, favouring support for governance and policy dialogue. An active and continuous dialogue is established between EUREP and Civil Society. In order to strengthen the capacities of the CSOs in policy-making, monitoring, and political dialogue with governmental authorities, EUREP is supporting technical assistance to the four national NGOs platforms.

The Single Support Framework defines a strategic commitment to increased engagement of Civil Society as a Cooperation partner and domestic governance actor. Notwithstanding the shift of paradigm and increased involvement in policy dialogue and governance, EUREP's capacities to establish an effective partnership across sectors of Cooperation and temporary measures (PEGASE DFS, UNRWA) are still at an initial stage of development. Critical factors bearing on increased involvement of Civil Society are the definition of a clearly agreed strategy and plan of action, the availability of human resources within EUREP, and the capacity or willingness to provide adequate political support for such partnerships.

The partnership with UNRWA is founded on longstanding and solid Cooperation agreements. The existing dialogue between the two institutions is fluid, structured and constructive. EU has been using dialogue

platforms to pressurize UNRWA to increase the transparency of the budget and supporting reform. However, despite the convergence of objectives for a stable solution of the Palestine refugees' plight, and the recognition that UNRWA could be a valuable partner in working toward this solution, there has been little engagement for mutual action towards the political goals pursued by the EU. The scope for such partnership was discussed in 2010 but no action followed beyond declaratory statements. Additional efforts seem therefore to be required to support the planned reforms of UNRWA, which should be based on a thorough assessment of supply and demand and reform in order to inform the next MTS. The EU was actively engaged in supporting UNRWA's reform process and should maintain leadership in the interests of full political support, from donors and host countries, for the reform. The EU should also increase pressure for accountability to Palestine refugees and their participation in the dialogue, reform process and assessment of services.

The EU has worked closely with the international financial institutions in Palestine. By all accounts it is an excellent working relationship with complementarities in several areas. The IMF and the EU maintain almost continuous contact in exchanges concerning PA budget formation and expenditure, wage bill, revenue streams and overall macroeconomic management. The EU relies on the IMF for information informing its internal briefings and dialogue with the PA both in the Action Plan and in the Cooperation finance assistance programmes, especially in the focal sector of governance. The relationship with the World Bank has been close and productive, including formal donor fora, informal consultations and partnership in a wide range of activities with both co-financing and parallel financing.

EQ5/JC1 CIVIL SOCIETY. THE EU ENGAGES IN DIALOGUE WITH RELEVANT PALESTINIAN CIVIL SOCIETY ORGANIZATIONS AND PROVIDES SUPPORT THAT FOSTERS THEIR EMPOWERMENT AND VIABILITY AS DOMESTIC CHANGE AGENTS.

Civil Society: Overall context and challenge¹⁷⁸ Palestinian Civil Society has evolved in a difficult environment, characterized by the absence of a State and in the context of occupation. CSOs' capacities and activities have been significantly supported by donors through the past decades, providing opportunities for Civil Society growth and influencing of agendas.

Civil Society in Palestine is organized at four different levels. The first level includes grassroots groups and different categories of Community-Based Organizations, the second level comprising NGOs and other intermediary organizations. The third level consists of coalitions of CSOs focusing on given sectors, geographical areas or campaigns, and the fourth level consists of the general aggregations of CSOs, such as the national Civil Society platforms. Since 2012 an improvement in coordination and networking has been achieved through the work of the four national NGO platforms.¹⁷⁹

Existing challenges include crowding and competition, fragmentation of efforts and duplication. Weak complementarities between larger NGOs and grassroots organizations have been noted, especially in rural areas.

Binding constraints discussed in EQ1 fully apply to Civil Society work, limiting both functions as service providers and engagement in governance:

- the political divide between Fatah and Hamas and issues - and public perceptions - of political affiliation is limiting Civil Society participation in oversight of institutions and policies;
- the wall, the permit system, and obstacles of various types imposed by Israel on circulation of persons and goods represent a major restriction on effective work by Civil Society and its interaction with Palestinian authorities as well as the donor community.¹⁸⁰

¹⁷⁸ Context analysis is supported by evaluation team interviews with a range of stakeholders, EUREP Concept Note on Civil Society, the Mapping Study on CSO 2011 and NSA programme evaluation (2013).

¹⁷⁹ The Palestinian General Union of Charitable Societies (PGUS), the Palestinian NGO Network (PNGO), the General Palestinian Union for NGOs in Gaza (GPU) and the Palestinian National Institute of NGOs (PNIN).

¹⁸⁰ As an example the evaluation mission visited Palestine on three separate occasions (May 2013, December 2013 and January 2014) but could not once obtain the authorization to visit Gaza and meet with Civil Society there.

In March 2013 the NGO Development Centre (NDC) issued a *Strategic Framework to Strengthen the Palestinian NGO Sector (2013-2017)*¹⁸¹ in Cooperation with the four main platforms. The formulation of this sector strategy was made through an intensive consultation process with a wide range of NGOs in different regions of Palestine. The strategy is owned by the NGO sector and jointly implemented by all the NGOs and CSOs registered by the Minister of Interior. One of its strategic objectives is to increase citizen participation in key policy-making mechanisms, and specifically CSO involvement in the local governance sector.¹⁸²

A limitation is also set by the limited cohesion and unity of the whole range of Civil Society organizations, given their differences in size, capacity, affiliations, objectives and geographical location.

Cooperation with Israeli Civil Society partners (including participation in regional programmes¹⁸³) is limited by increasing pressure from the anti-normalization movement.¹⁸⁴

CSO roles in service delivery and domestic policies. Traditionally Civil Society in Palestine has been particularly active in social service delivery. Since UN General Assembly recognition of Palestine as a non-member observer State¹⁸⁵, there has been a shift in Civil Society's role and responsibilities, as service delivery has increasingly become an area of competence of the relevant public institutions and, simultaneously, the role and engagement of Civil Society in policy definition has been growing, including participation in definition of National Development Plans, consultation on national policies, and participation in local governance.

Civil Society participation in service provision and policy development has led to a situation of competition with the PA and institutions on access to aid resources, financial management and definition of responsibilities for service delivery.

Civil Society and EU Cooperation. Within EUREP there is an ongoing dialogue, including with the political section, on increased involvement of Civil Society. For instance in 2012 the dialogue was supported through several projects¹⁸⁶ and involved some 40 meetings with CSOs¹⁸⁷ and 27 with local authorities. Individual consultations are carried out with the four NGOs' umbrella organizations¹⁸⁸.

EUREP is promoting participation of CSOs in domestic policies in the framework of the ENP process and for the development of national plans. In particular EUREP holds consultations with CSOs in preparation of the EU/PA sub-committees, which take place every year in six different domains.¹⁸⁹ These consultations have contributed to increasing the credibility of EU dialogue with Civil Society¹⁹⁰. They provide inputs from Civil Society into the policy dialogue with the Palestinian Authority on a wide range of sector policies, namely human rights, rule of law, governance, and social affairs. In addition, remote consultations facilitate inputs into the ENP progress report¹⁹¹.

Civil Society is also associated with all main EU programming exercises and global evaluations (e.g. SSF programming mission, Court of Auditors mission, the evaluation of the 2008-2013 Cooperation, Call for Proposals priorities, post-MDG aspects) and pressure has been put on the Palestinian

¹⁸¹ The evaluation did not have an access to the document.

¹⁸² Concept note for country programme "Civil Society Organisations and Local Authorities (CSO-LA)", 2013

¹⁸³ i.e. Partnership for Peace

¹⁸⁴ Follow up to 2012 EAMR, notes from EUREP;; the anti-normalization movement opposes the establishment of links with Israel as this would reflect a de facto acceptance of the occupation, playing in favor of the occupation, the maintenance of the status quo and the continuous expansion of settlements

¹⁸⁵ November 2012

¹⁸⁶ A total of 20 projects in 2012 under geographic, thematic programmes, source EAMR 2012

¹⁸⁷ 19 consultation meetings, 9 information sessions and 10 meetings related to broader agendas, source: EAMR 2012

¹⁸⁸ Palestinian NGO Network (PNGO), The Union of Charitable Societies, The Palestinian National Institute for NGOs and, in Gaza, the General Palestinian Union for NGOs.

¹⁸⁹ Consultations are in general organized before and after the subcommittees. EUREP staff explained that participation during subcommittees had been considered and discarded as less effective

¹⁹⁰ Evaluation Team assessment supported by EAMR report and evaluation interviews with EUREP staff and CSO stakeholders.

¹⁹¹ Concept note for country programme "Civil Society Organisations and Local Authorities", 2013

Authority to ensure a participatory approach to the definition of the new National Development Plan for 2014-2016.

To strengthen further the capacities of the CSOs in policy-making, monitoring and political dialogue with governmental authorities, EUREP has an on-going process that provides technical assistance to the four national NGOs platforms at both institutional and sector levels.¹⁹²

The lack of an explicit EU-Civil Society strategy is not perceived as a constraint as a strategy for increased engagement of CSOs is considered implicit in ongoing actions.¹⁹³

EUREP capacities to follow up engagement of Civil Society. Civil Society is managed under Operations III (Social Affairs, Health and Education) which also covers “Gender, Civil Society and NGOs”. The section is quite active in supporting the process for increased involvement of Civil Society; like other sections within EUREP (see EQ 3), Section III is critically understaffed and has very limited resources (1 person) for supporting the demanding process of dialogue and development of partnerships with Civil Society. At the time of the evaluation the management capacity for Civil Society was still extremely limited and restricted to Section III, without adequate resources to support the process across sectors and Sections, particularly for governance.

Human resources at EUD level are in no way commensurate with the complex task at hand to engage strategically with CS and deliver relevant outcomes, particularly taking into account (i) the large number of CS actors, (ii) the fragmented nature of the organizations, (iii) the often limited dialogue among actors, (iv) geographical divisions, (v) the low capacities of the majority of CSOs, (vi) the need for a constant, structured dialogue with CS to tap their full potential, (vii) the need for specific approaches and strategies for several sectors as well as for Gaza and East Jerusalem, (viii) the required support for a triangular dialogue with PA, ix) the development of long-term approaches and adequate funding mechanisms¹⁹⁴, including resources for supervision and coordination, and (x) strengthening harmonization and support with Member States.

Critical factors limiting increased involvement of Civil Society are the lack of definition of an agreed strategy and plan of action, the limited availability of human resources within EUREP and the limited capacity and willingness to provide adequate political support for such a partnership. The increasing, but still limited, role of Civil Society as a Cooperation partner will be further discussed in the cluster of evaluation questions addressing delivery¹⁹⁵.

EU Strategic Framework. Involvement of Civil Society in EU Cooperation has been positively evolving throughout the evaluation period. The 2005 Action Plan does not explicitly mention Civil Society as a stakeholder in EU Cooperation. As the Action Plan has been the main strategic and normative document for EU Cooperation over the past eight years, this omission contributed to a critical gap in definition of a strategy for a partnership with Civil Society.

An indicator that the EU is interested in learning lessons and strengthening its strategy towards Civil Society is reflected in the 2011 decision of EUREP to commission a study aimed at “Mapping Civil Society Organizations”. A key recommendation of the study was to increase the involvement of Civil Society as a partner in local and national governance and in policy development. The study provided lessons and guidance for a change of paradigm, with a gradual shift from Civil Society as a service provider contracted through projects to that of a strategic Cooperation sector. Additional lessons were sought through evaluations that confirmed the progressive shift and demonstrated how between 2008 and 2012 Calls for Proposals increasingly addressed issues of policy making and local governance, strengthening their role as actors in policy changes.¹⁹⁶

¹⁹² Under Civil Society Facility.

¹⁹³ Interviews with EUREP staff, across several sections, January 2014

¹⁹⁴ This aspect has been raised by NSA evaluation for East Jerusalem civil society

¹⁹⁵ Cluster 4, EQ 6 (governance), EQ7 (social development), EQ8 (private sector and trade) and EQ9 (water and sanitation)

¹⁹⁶ External evaluation of NSA thematic Programme, 2007 - 2012

The 2012 local development strategy spells out the overall EU framework for engaging with Civil Society in EU Cooperation. This includes explicit recognition of Civil Society's role as an EU partner in policy-making and implementation, in line with recent EU documents concerning the involvement of Civil Society in the neighbouring Countries and in EU external relations¹⁹⁷.

However, on the whole the EU's commitments to Civil Society in the LSD remains fairly generic and tepid, limited to statements on "need for coordination" and a declaration of "commitment to empower Civil Society", but only "in areas where Civil Society are service providers".

The trend for increased involvement by Civil Society seems to have gained momentum, as reflected in the launching of an update of the "Mapping" (2014), seeking identification of partners for Cooperation. Also the Single Support Framework (draft January 2014) for the first time defines a truly strategic commitment to increased involvement of Civil Society as Cooperation partners. The SSF specifies that measures for strengthening the role of Civil Society will be provided under focal sector 1 (governance) "by specifically addressing mechanisms and tools that may influence governmental policies and by using culture as a vector of democracy". The document does not indicate approaches and strategies for other focal sectors or SSF temporary support measures¹⁹⁸.

Interviews with different stakeholders suggest that a number of aspects may need to be more fully defined in order to operationalize a strategy for increased involvement of Civil Society, including:

- mechanisms for selection of strategic partner¹⁹⁹ (also to be selected in function of sectors, goals and services);
- mechanisms and instruments for financial support other than for thematic line programmes;
- strategies to strengthen CS's role as actors of accountability and governance;
- improving the enabling environment for CS;
- capacity to strengthen the quality of the dialogue;
- mechanisms to monitor the changed and strengthened role of CS (beyond project implementation) and achievement of concrete results as an outcome of the strategy and the roadmap;
- strategies to operate effectively with CSOs in Gaza; and
- improved harmonization of EU approaches with Civil Society and other EU actions (including ECHO and support for UNRWA).

Resources and instruments supporting Civil Society. Significant resources have been made available for support for Civil Society, with over €100m over the five-year period, which is an annual average of €20m, disbursed through a number of instruments, see table 7.

Table 7: DEVCO Committed amount - Civil Society, 2008 – 2013, €

FINANCING INSTRUMENT	2008	2009	2010	2011	2012	2013	TOTAL
DCI-ENV (Environment)	1,309,440						1,309,440
DCI-FOOD (Food security)		1,000,000	8,413,694	1,924,091	4,976,719	6,210,142	22,524,647
DCI-GENRE (Development – Gender)	1,186,443	750,000	1,269,425		3,180,250		6,386,118
DCI-HUM (Development Human and Social)		1,270,575		720,007		965,970	2,956,551
DCI-MIGR (Migration and asylum)						346,164	346,164
DCI-NSAPVD (Non-state actors)	1,752,096	2,565,481	2,838,759	3,505,989	2,132,835	2,170,836	14,965,995
EIDHR (Democracy & human rights))	3,349,928	1,214,912	1,574,939	1,536,482	2,585,906	934,782	11,196,949
ENPI (European Neighborhood partnership)	4,996,502	2,935,193	4,641,993	11,864,439	12,056,061	4,422,894	40,917,082
IFS-RRM (Instrument for stability)			1,637,571				1,637,571
TOTAL	12,594,409	9,736,160	20,376,381	19,551,008	24,931,771	15,050,788	102,240,517

Source: Data warehouse and DRN own elaboration

¹⁹⁷ LSD is citing "The Roots of Democracy and Sustainable Development: Europe's Engagement with Civil Society in External Relations' adopted by the European Commission on 12 September 2012, as well as the FAC Conclusions of 15 October 2012 endorsing this Communication and new EU policy for an enhanced and more strategic EU engagement with civil society."

¹⁹⁸ These include: East Jerusalem Programme, PEGASE DFS and UNRWA

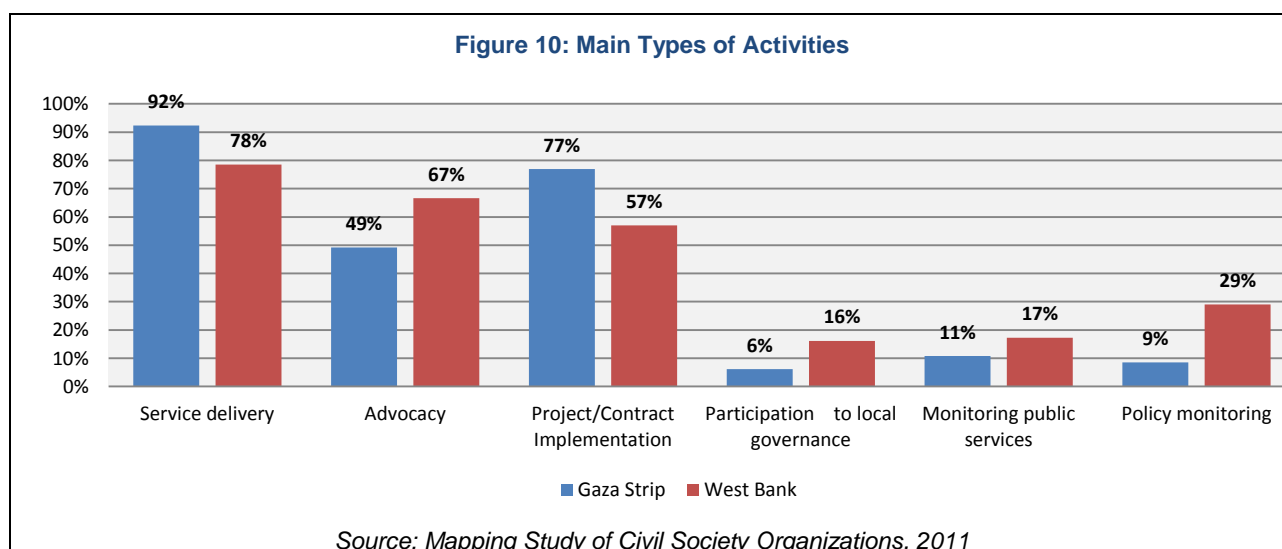
¹⁹⁹The update of 2011 mapping study is meant to identify potential partners (interview with EUREP, January 2014)

Most of these resources have been used to support project-based service delivery²⁰⁰ as grants are the main delivery mechanism for supporting advocacy, service delivery and capacity-building.²⁰¹ Service contracts have also been used for capacity-building initiatives.

The CSO mapping study warned (2011) that “*such allocation of resources risks fostering a further concentration of CSOs on service delivery – sometime in competition with public authorities – and to produce effects such as the increase of competition among CSOs, the tendency to attribute to grassroots CSOs only the role of “beneficiaries” and the escape of CSOs from governance functions*”.

Resources for Civil Society involvement in local and national governance and policy dialogue activities, relatively limited up to 2008²⁰², have been increasing over the past two years, and similarly in terms of consultations on setting-out of priorities for thematic programmes (see summary priorities in table 8).

Notwithstanding the interest in increased involvement of Civil Society in EU Cooperation efforts, support for long-term programmes in the context of a well-defined strategy to empower Civil Society in contributing to objectives of governance, accountability and democracy is still at an early stage.²⁰³



A relatively large proportion of the organizations are involved in carrying out “advocacy” activities in both the West Bank and Gaza Strip.

Sector priorities for Civil Society The following table summarizes sector priorities set out in consultation with Civil Society for EU thematic programmes. Most underline both the interests of CSOs and a willingness to reorient EU support in favour of increased involvement in good governance.

EU and Civil Society in Gaza The EU continued to work in Gaza despite the “no contact policy” with the Hamas authority, mainly because it assumed that Civil Society could have helped to fill the gap created by the self-imposed vacuum of contact with Hamas. EU increased the number of visits and calls for proposals meetings in Gaza, but with little consultation at strategic level. EU processes and procedures for supporting Civil Society in Gaza tend to be complicated and cumbersome, particularly for smaller organizations.

²⁰⁰ Mapping study of Civil Society Organizations in the Occupied Palestinian Territory, final report, EC May 2011

²⁰¹ This includes all grants under thematic programmes and actions supported under East Jerusalem Programme.

²⁰² As an example the Cooperation has been funding, on PA request, an ongoing scheme to empower local governments and bring public services closer to citizens. Resources have been provided through the Municipal Development Fund. EUREP has been supporting the launch of a second phase supporting social accountability and gender.

²⁰³ Evaluation team assessment supported by interviews with EUREP, civil society, review of mapping and NSA evaluation.

Table 8: Priorities of Thematic programmes and Instruments for Civil Society Support

Thematic	Sector Priorities
NSA – Non-state Actors and Local Authorities in Development (Thematic programme under DCI)	<ul style="list-style-type: none"> • Mutual recognition among Civil Society organizations and other actors, including the PA and other NSA, through initiatives aimed at knowledge production and sharing; • promoting formulation of common perspectives (conferences, workshops, etc.); • construction of partnerships for policy setting or for solving local problems.
EIDHR (Thematic Instrument)	<ul style="list-style-type: none"> • Strengthening existing coordination and collaboration platforms; • advocacy for effective application of existing legislation on associations and CSOs; • advocacy for the opening of space for public recognition of “unregistered” community based and grassroots organizations; • research and monitoring; • citizenship rights in daily life (accessibility and quality of basic services, relations between citizens and public bureaucracy, etc.).
Investing in people (Thematic programme under DCI)	<ul style="list-style-type: none"> • Strengthening of Cooperation among women’s organizations; • fostering of a policy focus on gender; • recognition and protection of individual rights (and of protection of these rights) as well as collective rights.
Partnership for Peace (regional programme under ENPI)	<ul style="list-style-type: none"> • Public discussion on peace perspectives (including State-building) and on peace-building policies; • improvement of CSOs’ capacity to face threats generated by political divides and by the “political invasion” of Civil Society space; • support for local committees and initiatives for promoting recognition of Palestinian CSOs and their role by the occupying authorities; • support for CSO initiatives aimed at making visible the impact of conflict and at promoting local initiatives for resolving and reducing it.
Cultural Activities (under Euro-Med Youth IV, Euro-Mediterranean Partnership)	<ul style="list-style-type: none"> • Access of CBOs and small CSOs to national and international cultural arenas; • opportunities for sharing cultural production outcomes.
Cooperation Initiatives in East Jerusalem (under ENPI bilateral cooperation)	<ul style="list-style-type: none"> • Recognition of Palestinian Civil Society actors by the occupying authorities; • opening-up of space for negotiation and dialogue in which Palestinian citizens’ organizations can play a role beyond simple provision of basic services; • assumption of a mediation, legitimizing and political support role by international donors.

Source: *Mapping Study of Civil Society Organizations 2011*

Policy Advocacy challenges. The mapping study noted decreased involvement in policy advocacy owing to “limitation of funding to organizations considered to be linked to groups jeopardizing the peace processes (such as Islamic organizations or those promoting initiatives against Israeli occupation)”.

Capacity-building. Support for CSOs for capacity-building through thematic lines has been limited and “training-oriented”. There has been less scope and capacity for addressing other burning demands of CSOs relating to deeper and more structured support for institutional development, advocacy for improvement of services at local level, advocacy for exercise of citizens’ rights, governance mechanisms at local and national levels, and policy dialogue²⁰⁴.

Civil Society views and priorities. Evaluation interviews with Civil Society on their view of the EU Cooperation and its support for the PA and Civil Society highlighted a perception of fragmented, short-term alliances and a lack of strategic partnership between the three players (PA, CS and EU). Interviewed Civil Society actors drew attention consistently to:

²⁰⁴ Review of the effectiveness of the NSA programme” June 2013

- Civil Society interest in an increased EU focus on good governance;
- Civil Society as a key partner in governance, policy reform, oversight and accountability;
- strong demand for political support, much more important in their view than financial aid;
- demand for increased EU support for Civil Society as a partner *vis-à-vis* Israel and the PA, including support as an actor in East Jerusalem;
- increased support for human rights advocacy.

During meetings with Civil Society it was noted that the 2013 report on human rights violations in East Jerusalem was not published by the EU, a fact that several CSOs interpreted as an indicator of EU passivity and a tendency to avoid raising sensitive issues with Israel. At the same time CSOs expressed a growing positive perception of the EU as regards its 2013 position on guidelines. Some organizations see this as an important shift in the EU position regarding Israeli policies in the West Bank and East Jerusalem.

Several Civil Society sources expressed concern that the EU Cooperation approach and lack of strong accountability mechanisms *vis-à-vis* the Palestinian people is *de facto* supporting significant wealth accumulation which benefits a very small group of Palestinians closely associated with the PA and Israeli private business, with long-term negative impacts on Palestine's political economy, ethical values and good governance, and favouring corruption, cronyism and social injustice²⁰⁵ (see also discussion in EQ1 – partnership with PA; EQ4 – effectiveness of Cooperation tools; and EQ6 – assessment of governance).

Civil Society actors pointed out that in the context of a crowded environment and strong competition for access to financial resources, UN organizations and international NGOs at times assume roles that could be taken over by local actors,²⁰⁶ undermining local capacity development, ownership and participation by local actors.²⁰⁷ The review of the NSA programme²⁰⁸ cites the “limited capacity to negotiate and manage effective partnerships with International NGOs and International Organizations”

The evaluation accumulated concurring claims that the Regional Programme “Partnership for Peace” is undermining the credibility of EU efforts on behalf of Palestinian Civil Society. These statements partly derive from non-normalization movements and lack of acceptance of Cooperation with Israel, partly from concerns about unbalanced participation between Israeli and Palestinian actors, financial motivations as key drivers, and the limited effectiveness and impact potential of these exercises. Moreover these interventions have been perceived by the Civil Society actors interviewed as suffering from a significant level of corruption through “easy to get funds”, lack of monitoring and poor results.²⁰⁹

The assessment also reveals the importance of strengthening partnerships with local actors (local Civil Society, private sector, local administrations) as an effective approach to promoting the goals of good governance, democracy, service delivery and the need to bring EU Cooperation efforts closer to the Palestinian people.

EQ5 / JC2 THE EU HAS DEVELOPED AN EFFECTIVE STRATEGIC FRAMEWORK FOR ENGAGING (POLITICALLY) WITH UNRWA, INCLUDING APPROPRIATE INSTITUTIONAL ARRANGEMENTS FOR DIALOGUE.

Introduction In the previous chapter (EQ4/JC3) the evaluation assessed the effectiveness of EU support for the refugee population through UNRWA. This section also focuses on UNRWA, although with a different perspective. It explores the political dimension of EU dialogue with the organization

²⁰⁵ Statement supported by interviews with several Civil Society actors and converging studies, including “Globalized Palestine” by Khalil Nakhleh, 2012 and the “Palestinian Capitalists that have gone too far” Tariq Dana, 2014

²⁰⁶ Interview with PNGO, January 2013

²⁰⁷ Globalized Palestine, Khalil Nakhleh, 2012 (chapter 3)

²⁰⁸ Final report, June 2013

²⁰⁹ Interviews of Evaluation Team with Civil Society Organizations, 2013 and January 2014

and the capacity to engage in a strategic partnership capable of supporting the political goals for Palestine and the Palestinian People.

Given the nature of UNRWA's work as "humanitarian, developmental and non political in orientation and content"²¹⁰ the scope for a strategic partnership to support EU political goals appears at first sight rather limited, not least in consideration of the politically sensitive arena in which UNRWA deploys its activities.

Durable solution for Palestine refugees. The UNRWA mandate²¹¹ includes human development, stability and protection²¹² for the refugee population as well. This last aspect of the mandate provides "a firm basis for at least limited interventions relevant to durable solutions for Palestine refugees"²¹³ and should provide the grounds for the development of EU strategic engagement with UNRWA with a view to pursuing the common goal of a durable solution for Palestine's refugees.

"The population of 4.7 million Palestine refugees is a significant constituency in the Middle East in terms of numbers, socio-political relevance and the refugees' personal stake in the search for peace.

As refugees exist as a consequence of the 1948 conflict, addressing their plight is a prerequisite for resolving the conflict. By the same token, the extent to which refugee rights and choices are addressed in a negotiated settlement will affect the credibility of the settlement".

Source: Discussion Paper "The EU and UNRWA in Strategic Partnership: Outlines of UNRWA's Regional Role"

A strategic reflection on the EU–UNRWA partnership has been developed in a discussion paper (2010) outlining UNRWA's regional role and assessing the double dimension of UNRWA's work in the region, the first dimension irrespective of the prospects for an end of the Israeli–Palestinian conflict, the second dimension addressing the vital stake for refugees (and hence for UNRWA) of a solution to the conflict. This second dimension matches the EU's political goals. The paper shows clearly the regional role of UNRWA²¹⁴, pointing how UNRWA is a "reliable and effective channel by which the international community can address the refugee constituency, in partnership with other concerned actors". The paper concludes that "UNRWA welcomes the opportunity to engage with the EU and other concerned States and Authorities with a view to clarifying future scenarios and UNRWA's potential contribution to peace and the emergence of a viable Palestinian State."

As part of the protection mandate²¹⁵ the Commissioner-General highlights to the international community the urgent need for a just and durable solution to the plight of the Palestinian people. UNRWA maintains that the responsibility for achieving this solution rests primarily with political actors and the international community.

The evaluation found no evidence that the process had moved forward beyond the declaratory intents and high-level communication initiatives or that a common operational strategy had been developed to pursue pro-actively a solution to the conflict and address the refugees' plight. This would appear as another example of a disconnect between EU political ambitions and the capacity to translate these ambitions into actions that contribute to a solution to the conflict.

EU role in increased UNRWA effectiveness. A second aspect of this judgment criterion is whether the EU, as a major contributor to UNRWA's general budget²¹⁶ and potentially the major player in the Region, has been engaged in a strategic dialogue with UNRWA, other donors and host countries in

²¹⁰ Discussion Paper "The EU and UNRWA in Strategic Partnership: Outlines of UNRWA's Regional Role"

²¹¹ The mandate of UNRWA at sixty, Lance Bartholomeusz, UNRWA

²¹² Defined as "all activities aimed at obtaining full respect for the rights of the individual in accordance with the letter and spirit of the relevant bodies of law (that is, human rights law, international humanitarian law, refugee law)"

²¹³ The mandate of UNRWA at sixty, Lance Bartholomeusz, UNRWA

²¹⁴ The strength of UNRWA political weight in the Region can be seized by how the organization assumed leadership in the current Syrian crisis.

²¹⁵ External mandate, component 4 - policy for a just and durable solution; UNRWA protection policy June 2012

²¹⁶ Total contributions to General Fund amounting to \$ 911 m, or 34% of General Fund, during the period 2008 – 2012, UNRWA Donor Spend Annual data reports (2008 – 2012), second for contributions only to US (\$ 1006m, or 41%)

support of the process of reform of the organization, aiming at increased effectiveness in respect of the goals of stability, human development and protection of refugees.²¹⁷

Over the evaluation period the EU partnership with UNRWA featured an active and positive level of Cooperation and dialogue, supported by a well-articulated visibility and communications plan. The main forum for policy dialogue with UNRWA is the Advisory Commission (ADCOM), which meets twice a year. Host and donor meetings are held with UNRWA in each country with agendas similar to those of the Advisory Commission. Sub-committees are organized every two months with the EU, UNRWA and host country representatives to discuss the budget, reform and other aspects.

Refugees and CSOs are not participating in these EU – UNRWA dialogue platforms.

The EU has had an active role in the Advisory Commission with frequent exchanges of communication in preparation for, and following, the sessions. After each ADCOM an exchange of comments ensues between Brussels (Commissioner level) and UNRWA Headquarters in Geneva. EUREP further consolidates the policy dialogue with UNRWA and key donors in the context of the subcommittees, along with various EUREP-driven donor coordination meetings, with the aim of achieving clearer budget setting by the agency and avoiding the practice of filling the recurrent financial gap in the General Fund with projects and emergency appeals.²¹⁸

The EU dialogue with UNRWA produced reportedly “significant progress in terms of strategic directions and transparency”.

Notwithstanding the positive engagement and evolution over the past five years, there is evidence that the reform process needs to move forward with urgency. The 2013 ICAI external assessment²¹⁹ observes that, given the growing gap between demand for and supply of UNRWA services (see discussion in EQ 4/3), the pace of reform needs to be accelerated. The study provides three key recommendations targeted on DFID, but that are also relevant for the EU:

- i. DFID should carry out an urgent assessment to determine the level and nature of support required to address the challenge of reform effectively;
- ii. DFID should use its influential position to urge donors and hosts to provide unified political, technical and operational support for driving UNRWA’s reform activity;
- iii. DFID should encourage UNRWA to engage more actively and communicate effectively with refugees as part of the reform process.

ICAI points as well to a “*cumbersome management structure*” and the need to strengthen the accountability of UNRWA system for the refugee population (“*little participation in governance by beneficiaries, a reform driven from the top by UNRWA management staff and a structure that lacks the democratic and participatory characteristics of well operating state structures*”).

These statements converge with evaluation findings on the scope for strengthening the effectiveness of track 3 of EU Cooperation (see EQ4/JC3) and increasing the accountability of UNRWA’s governance system to the Palestinian people (see EQ 1).

Evidence collected suggests that EU should continue to develop the partnership with UNRWA with active support for the intended reform process in this key institution - a responsibility deriving from being a major contributor to UNRWA and a vital source of aid for Palestine’s refugees. The process should involve appropriation of the recommendations made by the ICAI study on DFID support for UNRWA, including joining an external assessment of the organization, assuming leadership in the process of promoting and supporting the reform with donors and host countries, and supporting

²¹⁷ The assessment of this second aspect builds significantly on ICAI study “DFID’s support for Palestine refugees through UNRWA” September 2013, supported by interviews with UNRWA, EUREP, EU Delegation in Amman and the review of UNRWA documentation (see detailed bibliography in Annex)

²¹⁸ Interviews with EUREP staff, January 2014

²¹⁹ DFID’s support for Palestine refugees through UNRWA, ICAI, 2013

increased transparency, accountability and participation of refugees in reform and in planning and assessment of services.

Further support for the UNRWA reform process needs, as a precondition, provision of additional capacity and staff. This also applies to EUREP. As regards the EU–UNRWA dialogue mechanisms it is important to involve local offices at all stages, avoiding the risk that decisions in Brussels may bypass the Representation in East Jerusalem and host countries' Delegations.²²⁰

EQ5 / JC3 THE EU HAS DEVELOPED AND EFFECTIVELY IMPLEMENTED A STRATEGIC ALLIANCE WITH INTERNATIONAL FINANCE INSTITUTIONS, *INTER ALIA* THROUGH DIALOGUE, JOINT ACTION, TASK DIVISION ON THE BASIS OF COMPARATIVE ADVANTAGE, AND A POOLING OF EXPERTISE AND FINANCIAL RESOURCES.

The EU has worked closely with the international financial institutions in Palestine. By all accounts it is an excellent working relationship with complementarities in several areas. The IMF and the EU maintain almost continuous contact in exchanges concerning PA budget formulation and expenditure, wage bill, revenue streams and overall macroeconomic management. The EU relies on the IMF for information on its internal briefings and dialogue with the PA, both on the Action Plan and on the Cooperation's finance assistance programmes, especially in the governance focal sector.

The relationship with the World Bank has been close and productive, including formal donor fora, informal consultations and partnership in a wide range of activities involving both co-financing and parallel financing, as follows: water and sanitation projects in the West Bank and Gaza; social protection (cash transfer programme); education; private sector development; solid waste; and public financial management. The most recent example is the external assessment of the PA's public financial management (PFM) systems based on the Public Expenditure and Financial Accountability (PEFA) methodology. The assessment was undertaken with the participation of the EU, France, DFID and the UNDP in close Collaboration with the Ministry of Finance.²²¹

"While the EU never had conditionality in PEGASE, we always understood that the EU and a few MS relied on and participated in the development of the matrix for the PRDP budget support. While there was no formal link between PEGASE and the PRDP TF, especially since 2011, there was close partnership between the EU and the Bank concerning support for our recurring budget and we understood that the PEGASE programme relied on the PRDP TF matrix, its monitoring by the Bank as well as the economic and analytic work done by the IMF and the Bank for PRDP TF disbursements."

Evaluation Team conversation with former senior PA officials March 2014 and December 2013

Particularly noteworthy is EU-World Bank collaboration in funding the PA's recurrent costs. While the EU provides DFS through PEGASE, the World Bank administers the Palestinian Reform and Development Plan Trust Fund (PRDP). PRDP provides budgetary support for the PA in implementation of their national plan. The Bank monitors the PA's progress on agreed priority economic, institutional and policy actions that it jointly identifies in a matrix negotiated with the PA in connection with the Development Policy Grant (DPG). With contributions from eight countries (the largest from UK, Norway, Australia and France), the PRDP disbursed to the PA budget about \$778.5 between 2008 and 2012. Both the Bank and EUREP report close discussions between them on preparation of the matrix for a DPG²²².

Significantly, former senior PA leaders report that the EU participated substantively in the discussions leading to the matrix agreement between the Bank and the PA (see box); a view confirmed by both the IMF and World Bank Heads of Mission in Palestine.

²²⁰ Interviews in East Jerusalem and Amman evidenced opportunities to strengthen consultations between DEVCO / EEAS and EUREP / Delegations

²²¹ PEFA Report, June 2013, World Bank.

²²² EUREP aims with these efforts to contribute to the definition of policy issues of joined concern which indicators/ targets would be included in both the next DPG matrix and EU results-oriented framework (work in progress) (EUREP communication, April 2014)

CLUSTER D DELIVERY

Having examined three "fundamentals" for any meaningful Cooperation in Palestine, i.e. political coherence (cluster 1), EU responsiveness (cluster 2) and strategic partnerships (cluster 3), it is now time to address specifically EU development Cooperation support (this cluster 4) and to assess how these efforts contribute to the achievement of wider political EU goals regarding Palestine.

Considering the highly specific conditions prevailing in the relationship between the EU and Palestine (see the Introduction) this cluster will indeed not merely consider the development effectiveness of EU aid provided (as this is usually done in other country evaluations), but also examine the effects of development Cooperation in terms of supporting the creation of "*an independent, democratic and viable State*".

Cluster 4 therefore comprises 4 EQs:

- EQ6 considers how the EU has tried to support the emergence and consolidation of a democratic state;
- EQ7 assesses the EU's contributions to fostering a *socially* viable State, i.e. citizens that have food, education, and health;
- EQ8 considers the EU's efforts to contribute to an *economically* viable State by assessing programmes in support of economic growth and private sector development;
- EQ9 assesses EU aid aimed at fostering a viable State in terms of having basic *infrastructure*, particularly access to water and land.

In order to address both the development impact and the wider EU contribution to building a viable and well-governed State, EQs 6-9 will focus on a range of judgment criteria including: (i) development effects of working in these sectors (e.g. on poverty reduction); (ii) effects on State-building (e.g. to what extent are these sector programmes also contributing to institutional development and State-building?) and (iii) effects on (sector) governance (e.g. to what extent are these sectoral programmes contributing to tackling governance challenges, mainly accountability and transparency?)

2.6 EQ6: GOVERNANCE

How effectively does the EC Cooperation contribute to the EU goal of building transparent, democratic and accountable Palestinian institutions, respecting the rights of citizens?

Summary Answer Box: EQ 6 - Governance

The EU's programme for good governance has been partially effective in building functioning PA institutions. PEGASE DFS and other EU programmes, undertaken in close coordination with other development partners helped preserve and strengthen PA institutions. The international community in the AHLC meeting of September 2011 confirmed the World Bank's view that "In areas where government effectiveness matters most - that is in security and justice; revenue and expenditure management; economic development; and service delivery - Palestinian public institutions compare favourably with other countries in the region and beyond."

But by late 2011 it was also becoming clear that building functioning PA institutions does not equate to building democratic good governance. The absence of accountability and transparency and limited PA ownership, capacity and internalization of reforms combined to bring ever diminishing returns to the EU's institution-building efforts between 2011 and 2014.

While the EU presented clear goals and strategies for good governance, implementation was often partial or fell short of expectations. By 2012 the governance programme was continuing in its set contours,

responding less to Palestinian demands - despite being aligned with PA requirements - while lacking the agility to adjust to the dynamics within the given context. Consequently impact decreased. The current consensus is that reforms in governance have stalled and the PA's capacity for more effective use of donor aid has reached a limit.

There were significant positive findings such as those noted in the 2011 PEGASE DFS evaluation, the discussion of EQ 7 - especially on social protection - and in the ROMs cited below reviewing the inventory of programmes and projects in that part of the Cooperation designated by the EU as a focal area of governance. However, taking into consideration the fact that PEGASE is dedicated to institution-building and that UNRWA provides services parallel to the PA and Hamas, five features stand out:

- missed opportunities for using PEGASE DFS for greater effectiveness in institution-building, especially in education and health;
- partially missed opportunities for using Cooperation with UNRWA to upgrade PA institutions - although the evaluation recognizes that since 2011 EU has been promoting UNRWA and PA cooperation and – to some extent – PA institutions have benefitted from these efforts;
- limited effectiveness of projects in the governance focal sector in respect of the EU goals for democracy, justice, human rights and the rule of law;
- missed opportunities for coordination between the focal sectors of governance, namely water and the private sector;
- limited effectiveness of Action Plan dialogue for the specific interventions in the rule of law programme, and only some evidence of effectiveness in human rights advocacy, despite many proactive attempts with the PA to improve governance and human rights.

The rule of law programmes had some important outputs, including those in SEYADA II, the Central Elections Commission and EUPOL COPPS. However over the longer term their potential for sustainability has been diminishing, reflecting lower PA enthusiasm and apparent absorption limits for capacity-building.

The human rights programmes reviewed offered continued accomplishments in their outputs and have developed a dense network that could be strengthened to increase demand for human rights and develop more sophisticated ways and means of meeting the demands. In the absence of removing the binding constraints and establishing democratic oversight for the PA, that is probably all that can be done.

Given the complex context, governance projects lacked flexibility and close monitoring to permit restructuring and adaptability. The Cooperation's support for the core PA institutions seems to have been more determined by a conditioned reaction to the volatile context than by the outcome of a dynamic political economy analysis which integrates policy dialogue and incentives for demonstrable and monitored reforms, driven by strengthened demand. The recent SSF and the Joint Action Plan acknowledge these past deficiencies.

However, even with improvements as suggested in the ROMs, the absence of a democratic process and progress on the binding constraints clouds legitimacy and limits sustainable impact.

The overall PA structures seem to be reverting to a more autocratic model of governance with less rule of law, transparency and accountability.

Overview. EU-PA relations take place in the context of the EU's "added value in global governance, reflected in its active support for democracy, the rule of law, the protection of human rights and human security..."²²³ Good governance has been an EU focal sector since at least 1995. Similarly, democracy and transparent accountable governance has also been demanded by the majority of Palestinians.²²⁴ The demand for democratization is also reflected in the PA's planning documents as "the formation of a democratically-elected leadership that enjoys popular and factional support, as well as regional and international recognition..."²²⁵ The response to that demand is demonstrated by EU support for the Central Elections Commission which managed to open registration in Gaza, with a recent participation level of 40% *vis-à-vis* an anticipated 12%.

²²³ Action Plan 2013, Political Chapeau, p.2.

²²⁴ "Arab Barometer, Palestine Country Report," Khalil Shikaki, 2006, Palestine Center for Palestinian Opinion (PCPO), Opinion Poll 183, December 15, 2013 and Palestine Center for Policy and Survey Research (PSR), Poll no. 48, June 2013.

²²⁵ "Palestine Ending the Occupation Establishing the State, PNA, 2009.

The root cause of the human rights situation is also primarily the binding constraints. From the point of view of Palestine, including all its people and territory as envisaged in EU policy (West Bank, Gaza Strip and East Jerusalem), the focus of the Cooperation on the PA can at best have only partial results and limited impact given the PA's limited span of control in the current arrangements for Areas A, B, C and Gaza Strip. Within that span of control, the human rights agenda has also faced challenges from the Palestinian deficits in democracy and accountability.

Cooperation efforts. Within the broad category of governance, the rule of law (justice and security) has been the object of EU contracts amounting to €48m during the evaluation period 2008-2013, see table below. Ongoing projects are valued at approximately €19m (security) and €10m (justice) with a pipeline of €6m and €15m respectively, plus another €22m for ongoing construction projects in Nablus and Jenin²²⁶. However the projects are only one demonstration of the lead role played by the EU in governance dialogue.

With MoPAD, EUREP is co-chair of the Governance Strategy Group (GSG), part of the overall aid coordination structure in Palestine. The GSG has four sector working groups: Justice, Security, Public Administration and Elections. EUREP and the US co-chair the elections group and EUREP takes an active role in the other three. Taken together, the EU's leading role underscores its priority and commitment to governance. This role has placed the EU at the centre of dialogue with the PA on governance as well as of coordination of donors, which are numerous as shown in the chart below.

Table 9: DEVCO Committed amount by Sub-sector under Governance, 2008-2013, €

Sub-sector	2008	2009	2010	2011	2012	2013	Total	%
Security	7,651,627	546,338	970,179	255,649	7,902,881	17,270,855	34,597,528	29%
Public sector policy and administrative management	9,475,133	2,558,208	6,871,034	5,245,511	4,091,025	5,217,365	33,458,276	28%
Human Rights	3,223,907	1,789,487	1,471,221	2,265,988	1,809,280	3,173,286	13,733,169	11%
Justice	100,792	5,120,747	450,138	4,135,848	1,988,013	1,765,500	13,561,038	11%
Civilian peace-building, conflict prevention and resolution	1,921,988	3,010,833	5,466,161	4,804,734	610,134	1,655,880	17,469,731	14%
Democratic participation and civil society	865,257	93,690	1,571,139	2,426,269	2,183,409	888,043	8,027,807	7%
TOTAL	23,238,704	13,119,304	16,799,871	19,133,999	18,584,742	29,970,928	120,847,549	100%

Source: Datawarehouse and DRN own elaboration.

EQ6/JC1 CLEAR GOALS AND STRATEGIES ARE SET FOR DEMOCRACY, JUSTICE, HUMAN RIGHTS AND RULE OF LAW

The EU- PA Joint Action Plan of 2013 clearly defines goals.²²⁷ The stated Priority Objectives aim at “a Palestinian state based on the rule of law and respect for human rights within a functioning deep democracy and with accountable institutions.” The Action Plan provides specific objectives, benchmarks and timelines for fundamental freedoms, democratic elections, a fair and functioning judiciary, and security sector reform. An Annex to the Action Plan presents Complementary Objectives, listing 39 specific actions to be taken in support of the Priority Objectives.

It is a clear strategy. It is however not comprehensive or fully coherent as it omits timetables, targets, and ways and means for the democratic process (elections, legislative oversight, local councils inputs to Plans, citizen participation in allocative decisions, and views on qualitative, quantitative outputs and accessibility). It avoids governance structures for Gaza and it fails to link governance to the UNRWA and PEGASE DFS portions of the Cooperation. The strategy missed opportunities for coordinating with PEGASE DFS and seeking better outcomes and accountability in the service

²²⁶ These projects are classified in the inventory under the Infrastructure Sector

²²⁷ Action Plan 2013, section 2.1.

sectors to which the EU makes its largest contributions and for which the EU is the largest donor (see EQ 7 below). The strategy also missed an opportunity to create a link to water and land development so as to build up greater Palestinian capacity (see EQ 9).

Human Rights A Human Rights strategy for West Bank and Gaza has been prepared by EEAS, dated 13 December 2012. The strategy provides a good narrative description of the current human rights situation, acknowledging the binding constraints of occupation and fragmentation. It states that in practice its potential span of effect is likely to be limited to the PA institutions in the West Bank. The seven cited human rights concerns and priorities across Palestine are issues that have long been in the forefront, but not yet resolved. The five actions and activities recommended by the strategy are of a general nature and do not address the core issues, with the exception of recommendation 4 which calls for streamlining of coordination between EUREP, MS and EUPOL COPPS through the local interest groups on human rights. The Matrix of the strategy is detailed and emphasizes both the need for developing better information and the demand for human rights at grassroots level.

In order to assess this human rights strategy the team consulted the conclusions and recommendations of the “Thematic Evaluation of the European Commission Support for Respect of Human Rights and Fundamental Freedoms” (December 2011). The strategy provides a comprehensive description of the human rights landscape and a wide-ranging set of prescriptive actions. But by the criteria of the Thematic Evaluation, it should reveal:

- a clear political agenda on human rights, translated into implementation modalities;
- an adapted “local” strategy on human rights (taking into account what is feasible in the West Bank where the PA and the Cooperation can achieve results);
- good-quality political dialogue on human rights, ensuring an iterative, comprehensive and results-based approach;
- attempts to deepen strategic engagement with citizens, Civil Society, political actors and regional organizations working on human rights issues;
- efforts to create an enabling institutional environment for effective delivery of coherent EC/EU action on human rights, this including strengthening the human rights dimension in rule of law programmes;
- efforts to reach out to human rights activists and provide them with much more sophisticated forms of support;
- building complementarities with MS and UN agencies.

The strategy goes far towards meeting these criteria, although implementation modalities remain unclear.

EQ6/JC2. COOPERATION INTERVENTIONS RESPOND TO NEEDS AND DEMANDS OF PALESTINIAN PEOPLE.

This JC raises many complex issues. First, it confronts the evaluation team with the question of how Palestinian citizens perceive the value of democracy, human rights and governance in the difficult conditions of occupation. Second, it obliges the evaluation team to look into the overall coherence of the EU’s approach to democracy, human rights and governance. Does it seek to respond to the demands of the Palestinian people or is there a gap between the normative and value-driven approach of the EU on these matters and the realities on the ground?

In response to the first question, the evaluation team analysed different (Arab-led) “barometers”²²⁸ relating to the state of democratic reform and citizens’ perceptions of what really matters for them. One of the preliminary conclusions is that there is a grassroots demand for democracy and governance, translated into concrete agenda such as the fight against pervasive corruption (in the

²²⁸ For a recent example see Jamal, A. 2013. Support for Democracy across Arab States. Prepared for the Rise of Democracy and Public Engagement: the Region and the World, SESRI, University of Qatar.

public sector but also in the NGO community ²²⁹) or the need for more transparency, accountability, rule of law, participation, and so forth.

The prolonged absence of elections and continuation of the “interim” PA is taking a toll of public opinion of governance. A recent poll shows widespread frustration and pessimism regarding the Palestinian institutions. Less than one-third of the Palestinian public views the PA as positive and about half believe that the PA is a burden on the people. Perceptions of corruption in the PA institutions in the West Bank stand at 77% of those polled. Only 32% in the West Bank believe they can criticize the PA without fear. Perceptions of security and safety are better, with about 56% in the West Bank and 64% in Gaza reacting positively. These polling figures have remained fairly consistent for at least two years.²³⁰

It is also widely agreed that the Israeli occupation and continued lack of electoral legitimacy and oversight are root factors weakening the national integrity system by directly contributing to the confusion, disruption and overall sense of impotence of the PA’s administration and institutions.²³¹

There is a stream of articles and papers addressing the second question, in addition to the ROM, for the EIDHR projects. To sum up the findings, it is useful to refer to a policy brief produced by FRIDE in June 2010 which sets out quite well the essential and still relevant agenda for the issues confirmed and validated during the fieldwork. Its telling title: “Is the EU losing credibility in Palestine?”²³² has compelling messages reflecting what was often repeated in the field by almost all Palestinian sources consulted, as shown below:

- 1) the EU has lost credibility as a normative actor since its rejection of the 2006 election and subsequent political boycott of Hamas; it should re-energize its approach to democracy promotion, focusing on Palestinian Civil Society capacity-building;
- 2) for Palestinians, democracy promotion also means that the EU should be more assertive towards Israel regarding its occupation policies;
- 3) the EU should actively support a Palestinian reconciliation process, culminating in elections.

While the human rights declarations and assistance are welcome, Palestinian frustration at their limited scope in meeting their needs grows. Discussing EIDHR human rights projects, a prominent member of Palestinian Civil Society at a meeting in Jerusalem (December 2013) made this point very strongly: “You criticize the PA and keep track of every wrong act, and you should; but you say very little and do nothing to help us here. We prefer you stop these small projects and take a stronger political stand.”

EQ6/JC3. COOPERATION EFFORTS CONTRIBUTE TO INSTITUTIONAL CAPACITY - BUILDING FOR GOVERNANCE, ACCOUNTABILITY AND CREDIBILITY OF KEY INSTITUTIONS.

The analysis sought to assess the EU contributions to improving good governance (through capacity development measures geared to key governance institutions, including local authorities). The “demand side” (through EU-supported projects and programmes geared at supporting CSOs or other Non-State Actors in their demands for more accountability and good governance) is addressed in EQ 5.

With regard to the “supply side” initiatives, the Governance Sector Group (GSG) points to consistent and significant contributions to capacity-building in the justice sector ²³³. The PEGASE DFS evaluation includes evidence of significant contributions to capacity-building and alignment of

²²⁹ According to surveys done by AMAN (the local branch of TI) the percentage of Palestinians that believe there are high levels of corruption in the Palestinian institutions rose from 50% in 1996 to 80% in 2007 and remaining at or near that level since.

²³⁰ Palestine Center for Policy and Survey research (PSR), Poll no. 48, June 2013, accessed at www.pcsr.org/survey/polls/2013.

²³¹ Transparency Palestine, Corruption Report 2012 and the PSR citation above as well as numerous discussions with CSOs, former leading PA officials and EUREP and MS staff.

²³² Huber, D. 2010. Is the EU losing credibility in Palestine? FRIDE, Policy Brief Nr 50, June 2010.

²³³ GSG Minutes, 22 October 2012

technical assistance with the backbone strategy, with “support for capacity-building and training and mentoring rather than providing expert inputs on specific issues”.²³⁴

The Cooperation has been relatively successful in achieving results for better fiscal management. The June 2013 EU-supported Public Expenditure and Financial Accountability assessment cited impressive performance gains in building basic public financial management systems almost from scratch after 2007, including an Integrated Financial Management Information System built to international standards, a Debt Management Office, and a reintroduction of appropriate reporting, accounting statements and audits. According to the PEFA report, the “*developments of internal audit in line ministries, as well as the efforts to increase the capacity and role of external audit*”²³⁵, in a short period of time are impressive. Such achievement is all the more noticeable in a region traditionally poor in success in this area.” Both PA internal and external audit functions were supported by EU-funded technical assistance.²³⁶

More recently EUREP, in coordination with other DFS partners, has begun efforts to systematically monitor progress in several areas including the wage bill; cost of referrals outside the public health system; net lending decrease through electricity reforms; and parametric reform of the pension system. A Public Expenditure Review by the World Bank should also assist in this respect.

Notwithstanding specific project outputs, more recently EUREP, the MS and other major donors all emphasized that the governance sector has faced a number of constraints over the past few years. Reforms stalled and the capacity for effective use of donor aid seemed to have reached a limit, with potentially diminishing returns.²³⁷ PA ownership of the objectives which the EU seeks in its Cooperation in governance has been lacking. These circumstances resulted in a review in late 2013 by EUREP, EUPOL COPPS, UK and the Netherlands (the main EU actors in governance) to determine the reasons for the lack of progress. In early 2014 they were joined by several other major actors in rule of law to consider how best to address the obstacles to progress. The main issues are:

- institutional rivalries and overlapping mandates not addressed in the areas of justice and security, discouraging rationalization of capacity-building and efficiency gains from donor efforts;
- an absence of transparency in administrative appointments;
- a democratic deficit resulting in absence of parliamentary oversight for rule of law;
- the reported excessive influence of the large security establishment on all aspects of governance including the courts and civil service appointments;
- lack of advancement in legislation due to absence of a functioning PLC;
- financial crises and budget deficits which sometimes lead to adverse security situations as well as erosion of skills in the rule of law sector;
- continued frustrations due to security and justice administrative inefficiencies, reflecting factors noted above as well as frequent turnover and appointments made on a relationship basis as opposed to a competence basis.

Finally the group also noted that the binding constraints of Israeli measures and the West Bank/Gaza Strip division have an ever-increasing adverse impact on the rule of law for Palestinians. PA security forces depend largely on Israeli security for most operations, while Israeli forces operate everywhere with impunity and without any Palestinian oversight. Palestinians in Areas B and C lack access to security and justice owing to Israeli movement restrictions and complex, opaque permit requirements. In addition, the division between Hamas and Fatah has resulted in parallel and often rival security and justice institutions with increasingly divergent systems and values. As time passes, Hamas appears to be introducing structural reforms into the justice sector, which would make reunification and harmonization of the sector more difficult.²³⁸

²³⁴ External Evaluation of PEGASE 2008-2011, Final Report, Brussels 2011

²³⁵ The State Audit and Administrative Control Bureau (SAACB) is the PA Supreme Audit Institution / External Audit Office.

²³⁶ PEFA Assessment, June 2013, World Bank, EU, France and UNDP.

²³⁷ Interviews in Jerusalem and Ramallah with PA officials, members of the Bar, Quartet staff and MS staff familiar with the sector and Corruption Report, Aman, 2011,

²³⁸ Comments from Al Haque and private practitioners, Interviews in Ramallah, December 2013

SEYADA II, a relatively large rule of law project (€4,432,988 committed) with five components addressing capacity- and institution-building, offers lessons for the future. The last monitoring report (March 2012) gives the project five “C”s. One of the Palestinian Team Leaders of the project commented that “SEYADA II had little to no strategic impact over time as evidenced by the persistence of the structural deficiencies it could not overcome.”²³⁹ He offered that the main reason was that “Projects like SEYADA II are typical. The donor avoids the hard issues of accountability for the Palestinians in the project to senior PA officials. The donors prefer activities hoping they will create capacity that the PA might actually use. But just activities do not build capacity if the capacity does not get used institutionally. It might stay with some individuals but it is not institutional unless there is continuity in the institution and political will. Here the project helped some individuals but not institutions. This project had no champion and so should not have gone forward.”

A number of informed Palestinians were highly critical of SEYADA’s components for the Palestine Judicial Institute (PJI) and the Bar Association. Information on the follow-up grant to the Bar Association (ENPI/2011/271-613) was inconclusive as to results, given the relatively short period of time. However, all those interviewed, including a number of Bar members and officials, noted a lack of institutional memory and expressed the opinion that the EU should have insisted on a level of dialogue that would ensure that its projects would become internalized institutionally and sustained. Rather than leveraging the gains from the training, they were lost over time. A prominent practicing Palestinian lawyer added “with the rule of law, the bar and the judiciary, there is training, recycling but with no (institutional) memory and sadly little impact.”²⁴⁰

An interview in March 2013 with the Higher Judicial Council Head of Planning and Logistical Support, the Palestinian official familiar with the project provided a number of key insights into the relative pros and cons of the EU capacity-building projects, *viz.*:

- short term experts, especially non-Arabic-speaking with little knowledge of Palestine, have contributed little to capacity-building; one long-term adviser from France was more effective, having a background in Levantine legal systems;
- EU assistance has helped bring more stability to the Courts’ administrative practices;
- lack of sustainability - total donor dependence for salaries, automation, IT and infrastructure;
- increase in cases from 2008 to 2011 demonstrates effectiveness of EU programme in administration and in increasing public trust in the Courts;
- no communication with functioning Courts in Gaza;
- cases relating to movement restrictions generally delayed, especially in Area C where investigation, even only of Palestinian crimes, requires an Israeli permit;
- Court procedural changes and legal aid cannot go forward without reconvening of the Palestinian Legislative Council, so the Legal Aid component of SEYADA may be ineffective.

EUPOL COPPS offers an interesting counterpoint to the SEYADA II example. Two CSOs and Al Haque, none of which receive funding from the EU, and all of which are well acquainted with the EUPOL COPPS programme, noted its contributions to the security sector. They commented that the methodology of the programme is person-to-person and has demonstrated results over time in the professionalism of the security forces. Recognizing that there are exceptions, they note that the security forces leadership has demonstrated time and again clear ownership of EU POLL COPPS values and methods in day-to-day activities. A major reason for the success of the programme is believed to be the extent to which EUPOL COPPS also interacts with Civil Society in setting standards appropriate to the Palestinian context.

Another strength of the EUPOL COPPS programme is its ability to build sector thematic programmes, addressing justice and security in prisons, juvenile affairs²⁴¹ and the capacity of PA employees in these different areas. While their mandate is periodic advice, its scope and depth could be increased.

²³⁹ Interview SEYADA II Team Leader, Jerusalem, December 12, 2013.

²⁴⁰ Interviews with private practitioners, Ramallah and Jerusalem, December 2013.

²⁴¹ An example is the juvenile justice project “Support for the Creation of a Specialized Juvenile Justice project in Palestine” ENPI/2013/312-320

It was also noted that the obstacles to the programme's success include a failure to enact the draft penal code. Al Haque cited the EU as instrumental in working with security forces to avoid torture and ensure that those concerned abide by international norms during interrogations.

Recommendations for the EUPOL COPPS programme include more Arabic speakers, longer sessions with local security forces, and deeper exchanges on pre-trial procedures, including better methods of search and seizure.

Referring generally to the EU's rule of law programmes, the head of a prominent CSO in Ramallah commented:

- 1) on the positive side, the capacity-building support provided by the EU to core Palestinian institutions (including local authorities) is underpinned by a political economy analysis (e.g. integrating the issue of corruption and considering the incentives to reform) and addresses the root causes of underperformance;
- 2) but in terms of effectiveness, impact and sustainability the projects have been unsuccessful for lack of PA ownership, and unsustainable for lack of funding commitments;
- 3) generally the EU should optimally use the windows of opportunity to strengthen the "demand side" for better governance.

Another jurist told us that the "EU rule of law projects were very relevant and efficient but not much impact since there was never a centre of gravity to make the training useful." His point was that the projects presented a supply side but little effort was provided on the demand side.²⁴²

Taken as a whole the results in governance have been mixed, with negative scores in the first two projects and a positive appraisal of the EIDHR intervention. It is worth noting the significant improvement by SEYADA II to the complementary intervention "Provision of Advisors to the Justice Sector" which seemingly took into account SEYADA's shortcomings and lessons.

In the light of extensive comment, one finding would be that the project's components lacked a coherent strategic approach linking them to other EU efforts. The result was that EU lost an opportunity to gain leverage in high-level dialogue to ensure the desired impact. Others said the projects were rigid in design, repeating from year to year but not adapting to the PA's circumstances. Given the widespread informed views among the Palestinians on the project (and all others in the governance portfolio), the absence of restructuring is surprising.

EQ6/JC4. EU – PALESTINE COOPERATION EFFECTIVELY SUPPORTS GOALS OF GOOD GOVERNANCE, DEMOCRACY, AND RESPECT FOR HUMAN RIGHTS AND RULE OF LAW, CONTRIBUTING TO A VIABLE AND DEMOCRATIC PALESTINIAN STATE.

MoPAD prepared a report on aid effectiveness, and a Plan for Aid Effectiveness is being prepared for 2013 (not yet available; one of the weakest points highlighted by GSG in terms of aid effectiveness is "uncoordinated missions from donor countries").

As a prominent PLC/CSO activist noted: "The largest allocations the wage bill and security are outside the realm of accountability or transparency and in security sector which amounts to a significant % of budget, appointments are opaque, with no line between Fatah, security and PA"

The effectiveness of support for the governance/rule of law sector can be characterized as follows:

- the largest development contributions for governance/rule of law have benefitted the justice sector with the most substantial input through SEYADA II. From interviews and document analysis, it seems that the support was timely and relevant but with limited effectiveness and sustainability;
- justice sector support was not comprehensive for all Palestine, and could not be expected to be, since the Gaza authorities administering justice remained outside the EU development programme;

²⁴² Ibid.

- the collaboration with UNDP in justice has been very useful;
- the justice sector complexity is compounded by territorial fragmentation, incompatibility of laws and legal traditions, different legal practices, fragmentation and duplication of justice sector administrations, and varying donor interests, and reconciliation of these elements is essential;
- training in Gaza has been largely neglected in favour of the West Bank;
- PEGASE Development Cooperation funding was used to strengthen the Central Elections Commission with significant contributions to capacity-building.

The human rights situation remains a matter of concern for the EU, particularly in the Gaza Strip, but also in the West Bank. In 2012 and 2013 there was some progress on human rights such as the development of a PA national plan for human rights and the removal of security clearances for public sector recruitment. Projects under EIDHR have received favourable commentary on their specific outputs, although impact was at best modest owing to circumstances beyond the projects' control.

Yet within the span of PA control, various human rights violations, for example regarding freedom of expression and assembly, denote an overall diminution of democratic space. PA security incidents included repression of freedom of expression as witnessed in June 2012 and July 2013 in Ramallah.²⁴³ Press reports also document numerous human rights violations by Hamas. The Palestinian Centre for Development and Media Freedom documented 74 violations of journalists' rights by both Hamas and the PA in 2012, including arbitrary arrests, beatings, website closures and travel bans. However the greater threats to Palestinian human rights come from Israeli measures and then from Hamas as most recently noted by the 2014 reports of Human Rights Watch World²⁴⁴ and Amnesty International which highlight the dilemma and limits of focus of the PA in circumstances of "harrowing patterns of unlawful killings and unlawful injuries of Palestinian civilians by Israeli forces in the West Bank"²⁴⁵

The EIDHR is proposed by the SFF as an instrument for promoting a reinvigorated programme of fundamental freedoms and human rights in line with the new strategy. In this respect there are lessons from the 2011 evaluation of the EIDHR programme in Palestine.²⁴⁶ That evaluation found the programme relevant and responsive to need. In particular the complementarity of the SEYADA rule of law programme and the EIDHR projects should be modelled to enhance the overall rule of law programme. In addition there were several recommendations to avoid duplication and overlapping in the many projects of the numerous donors engaged in human rights and rule of law programmes.

In sum, while there has been moderate progress in impact on functioning institutions, the pace of overall reform, delivery, access and accountability for rule of law and enforcement of humanitarian rights has been disappointing as summarized below.²⁴⁷ The SSF draft of October 2013 acknowledges the stalled national democratic process and the need to reinforce citizen participation in the political process and strengthen the transparency and accountability of the rule of law institutions.

²⁴³ "Palestinian Rights Abused from All Sides," Bill Van Esveld, Public Service Europe.

²⁴⁴ "World Report 2014" Human Rights Watch, 2014.

²⁴⁵ "Trigger Happy: Israel's use of Excessive Force in the West Bank", Amnesty International, February 26, 2014, NY.

²⁴⁶ Final Report of Evaluation of EU EIDHR CBSS Programme, New Vision Management Consulting, 24 February 2011.

²⁴⁷ See "Assessment of the PA Public Financial Management Systems Based on the Public Expenditure and Financial Accountability methodology" World Bank and supported by EU, France and UNDP, June 2013 which concluded that there is a more positive picture in 2013 over 2007 with significant progress by the PA in indicators relating to comprehensiveness, transparency, controls and audit as well as accounting and reporting. It noted that the PA progress "constitutes a significant improvement within the MENA region as other countries typically perform poorly in these areas." p.3. It remarked also on weaknesses in budget preparation, execution and related accounting.

2.7 EQ7: SOCIAL SUPPORT

Is EC support for the social sector (education, health, social protection and food security) fostering a socially viable State, while improving the social conditions of the Palestinian people?

Summary Answer Box EQ 7: Social Support

Around 70% of all EU assistance went to education, health and social protection, mainly through DFS for payment of salaries. The primary objective was to help the PA pay its civil servants and thus provide services to the Palestinian people. Generally, education and health indicators show that Palestine performs well in these sectors compared to other countries in the region. Performance in social protection through the Cash Transfer Programme is outstanding with excellent targeting – a model for other countries. In that sense EU support for the social sectors has helped lay the basis for a socially viable State.

That said, performance in education and health could have been better, given the level of support (for example, TimSS scores on math and science declined before they improved, and quality is lacking); Gaza is falling relatively further and further behind the West Bank. The evaluation concludes that the EU should have placed much greater emphasis on specific goals, objectives and targets (with much closer monitoring) for education and health, rather than in general terms of “improved provision of basic services”. Fortunately the new Single Support Framework contains a much more comprehensive set of indicators but further clarity is still suggested (see below). It is not clear why education and health ceased to be areas of focus given that they receive the lion’s share of EU assistance, although EU and Member States continue to participate in Sector Strategy Working groups on education and health. As many donors noted, the sector strategies that now exist are little more than an *ex post* rationalization of what different donors are doing rather than a forward-looking strategy and several donors commented to the mission that the existing health and education sector strategies are not helpful as strategic documents.

The results for food insecurity depict a harsh situation with 34% of households insecure (57% in Gaza). Despite this situation the incidence of wasting and stunting is extraordinarily low, suggesting that food distribution and social programmes are extremely effective or else that the methodology for measuring food insecurity needs to be re-examined. FAO is working in this regard to introduce a more evidence-based approach to measurement. The EU developed a food security strategy in 2003. It would be useful to revisit and update this strategy.

The number of food-insecure jumped 700,000 following Israel’s blockade of Gaza. The EU appropriately stepped in to ameliorate the situation but this raises the question of EU and other donors paying for the cost of actions by Israel in relation to the cost of occupation.

While social indicators are generally good as noted - a clear indication that the institutions delivering them are in reasonable shape -- many donors, NGOs and members of the PA expressed to the evaluation team the view that institutions are weaker today than they were in 2000. This comment is in part due to the split between the PA and Fatah on the one hand, and Hamas on the other, with both delivering services, sometimes cooperatively and sometimes - as in 2006/7 - less so in relation to health in Gaza, Hamas has about 40,000 employees who are not paid by the PA. The PA employs many staff who are paid but do not work. It would be difficult to contemplate a harsher environment for sound, unified institution-building. Following the 2006 election this situation was seen as temporary but, seven years on, it is no longer the case. The EU should develop an exit strategy for the Fatah/Hamas dilemma and clarify how long it will continue paying staff not to work. As of now, this is hampering efforts at institution-building.

The PA’s budget is largely driven by the cost of salaries and wages, which in turn are driven by education, health and security costs (which is why this issue is discussed under this EQ). In 2003 the wage bill was 3% of GDP; by 2006 it had jumped to 26% and today is around 17%. This compares to around 10% for countries at similar levels of development. The EU is thus supporting a labour force that is not sustainable in the long run. It is not enough to focus solely on the *growth* of the labour force; the *size* of the labour force also needs to receive attention. In this regard the team concurs with the conclusions of the European Court of Auditors to the effect that a number of aspects of the current PEGASE approach need overhaul. Some of these issues are finally beginning to be addressed through a results-oriented framework. For instance, starting in 2014 the EUREP, in coordination with other direct financial assistance donors, identified a number of areas of focus for systematic monitoring including some (but not all) aspects of fiscal sustainability, the cost of referrals outside the public health system, aspects of civil service reform (but not the issue of the size of the civil service), the pension system, some aspects of public financial management, and some aspects related

to quality of service delivery. Although this shift of approach was long in coming and outside of the period covered by the evaluation, it is a step in the right direction, in line with recommendations submitted in chapter 3. These steps should now be followed by the definition of a clear framework of measurable changes coupled with a system of incentives and disincentives to accompany a process of reform based on results. As the Audit report notes, consideration should be given to use of the huge leverage which the EU possesses through its financing of about 30% of the PA's salary bill. Consideration should be given to using conditionality to address the size of the PA after assessing (i) who does what, (ii) the issue of staff who are paid but do not work, (iii) pensions (that are unsustainable), and (iv) health insurance. As noted, since January 2014 some of these issues are now receiving attention.

Overview The EU has invested heavily in the social sectors (education, health and social protection), both through projects, especially in the early years, and since 2008 through direct financial support. Total EU assistance to Palestine through the social sector was estimated by the team to be around €1.6 billion over the period 2008-2013, see table 10. Team estimates suggest that around 74% of all EU assistance went to these three sub-sectors including support for pensioners. Of the amounts going to these three sub-sectors, nearly 68% was provided by DFS (Track 1). UNWRA (Track 3) provided nearly 29% of the total going to education, health and social protection (see table 10); development projects provided 3%. Since development projects represent such a small percentage of the total resources going to the social sectors, this EQ focuses on the major items.

Financial support could have provided critical leverage for sector reform, institutional development and services quality improvements. So far the opportunity has not been seized

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Much of this support is in the form of salaries paid by the EU, via the PA, into the individual accounts of health and education workers based on an approved list of beneficiaries; this is not budget support (in the sense that it is not untargeted) but rather targeted on the relevant staff and thus on the education and health sectors. The European Court of Auditors Report on DFS to the PA (Special Report Number 14) estimates that about 44% of PEGASE DFS funding for salaries went to the education sector, and 15% to the health sector.

A significant part of the EU support for the social sectors is of course provided by UNRWA. UNRWA is discussed elsewhere in this report so the findings are not repeated here.

Table 10: DEVCO Committed amount by sub-sector and Track under Social Sector, 2008-2013, M€

Sub-sector	TRACK 1			TRACK 2			TRACK 3			TOTAL		
	contr acts	Committed amount	% on tot track	contr acts	Committed amount	% on tot track	contr acts	Committed amount	% on tot track	contracts	Committed amount	% on total
Welfare services ²⁴⁸	5.7	321	31%	1	0.2	0%	4	104	23%	10.7	424	28%
Social protection ²⁴⁹	24	194	18%	25	18	39%			0%	49	212	14%
Education	7.05	397	38%	21	19	42%	10.28	261	58%	38.33	677	44%
Health	3.25	139	13%	12	8	19%	3.88	81	18%	19.13	230	15%
Total	40	1,051	100%	59	45	100%	18.16	446	100%	117.16	1,543	100%
% on total			68%			3%			29%			100%

²⁴⁸ Social legislation and administration; institution capacity-building and advice; social security and other social schemes; social dimensions of structural adjustment; unspecified support for social infrastructure and services, including aid to refugees. More specifically, it includes interventions under PEGASE DFS/CSP such as funds for pensioners and other not well defined areas under PEGASE DFS/CSP and also interventions under UNRWA for relief activities, support services and social infrastructures.

²⁴⁹ Interventions under PEGASE DFS/VPF and all development activities for protection of vulnerable groups and technical assistance to the Ministry of Social Affairs

EQ7/JC1 CLEAR GOALS AND STRATEGIES SET FOR EDUCATION, HEALTH AND SOCIAL PROTECTION AND FOOD SECURITY.

Action Plans 2005/7 The early Action Plans called for action in the following areas:

- Education, training and youth: develop a modern education system based on peace, tolerance and mutual understanding;
- Public health: upgrade the Palestinian Public Health system, strengthen the administrative capacity of the Ministry of Health, and strengthen coordination with relevant international organizations and health service providers.

Over time these objectives were partly subsumed into PEGASE DFS which supported payment of salaries and pensions to PA civil servants -- the objective being to help the PA meet its financial obligations to civil servants and pensioners. In education the focus was on quality improvement, covering *inter alia* access to and quality of TVET. In health the focus was on continuation of the health reform agenda including establishment of a systematic process for monitoring progress. In both sectors the EU also financed, through the World Bank, non-salary recurrent costs of the Ministries of Education and Health. Both actions aimed to contribute to continued service provision for the benefit of the population (see for example, 2008 Action Fiche).

In addition PEGASE DFS/VPF took over and complemented the existing EU interventions through a separate category so as to enable the Palestinian social allowance system to ensure continued assistance to poor and vulnerable families. This support built on existing EU and World Bank programmes with well-defined goals and objectives, namely adoption of social protection legislation, development of a national database on poverty, and full implementation of a “Cash Transfer Programme” in the West Bank and Gaza. Improved targeting was a key objective.

The goals and objectives for education and health were generally expressed in broad terms (e.g. Action Fiche 2007) to improve the quality of education and the management and planning of the sector, and to improve health provision. The Action Plan for 2009 talks of “continued provision of basic services” with goals defined as supporting the Palestinian Development Plan. Eventually both sectors were dropped altogether as focal sectors for EU assistance, although the EU continues DFS support for specific acute health needs, such as for East Jerusalem hospitals.

As the EU stepped away from health and education as focal sectors, certain EU Member States became “lead” donors and were responsible for the preparation of sector briefs in their respective sectors. As many donors informed the mission, these sector strategies are little more than a synthesis or aggregations of what each of the donors (and the EU) are doing in those sectors. They do not contain any comprehensive strategy or prioritization for the sector. In short, they are more *ex post* (what has been programmed) than *ex ante* (what should happen).

Nor has there been any real progress, especially in the health sector, in putting in place a system for systematically monitoring progress and achievements. The biggest project in the health sector was USAID’s flagship project. Their evaluation team commented forcefully on the “extraordinary difficulties with developing an accurate view of the accomplishments and challenges because of lack of substance in the written material”. The lack of systematic and comprehensive ongoing monitoring of outputs and achievements is a serious impediment in both sectors, most particularly health.

In sum, the evaluation team believes that while the EU continues to provide massive support directly to the education and health sectors (as opposed to budget support), there should be greater focus on outcomes and results in the health sector. This view – the need to develop performance indicators - is supported by the Auditor’s Report, particularly in the areas of education and health (and PFM). Fortunately recently - for example in the 2014/2015 Single Support Framework from the European Union Representative Office (progress draft October 2013) - the EU has proposed a much more comprehensive set of indicators on quality of life and service delivery, a significant step in the right direction even without education and health becoming focal areas.

Starting in 2014 the EUREP, in coordination with other direct financial assistance donors, has started to identify a number of areas of focus for systematic monitoring including some aspects of fiscal sustainability (but not the size of the civil service), the cost of referrals outside the public health system, some aspects of reform of the pension system, some aspects of public financial management, and some aspects of the quality of service delivery, notably for civil service reform, education, health and social protection. Although this shift of approach has been a long time in coming and is outside the period covered by the evaluation, it is a step in the right direction, in line with recommendations submitted in Chapter 3. These steps need to be followed by definition of a clear framework of measurable changes coupled with the system of incentives and disincentives (that is “conditionality, as recommended by the Audit report, to accompany a process of reform managed by results.”)

EQ7/JC2 COOPERATION INTERVENTIONS RESPOND TO NEEDS AND DEMANDS OF THE PALESTINIAN PEOPLE.

The EU Cooperation support for the social sector is fully aligned with the PA’s NDP;²⁵⁰ The PEGASE DFS evaluation confirms the relevance of actions financing social protection, education and health: “the EC contribution is of great value to Palestine”. Even so more could have been achieved in these sectors with more focus on results than on inputs (payments of salaries).

Interventions responded to needs by providing generally good services to the Palestinian people, the main objective under PEGASE DFS. The education sector has performed well. Access to primary education is nearly universal. The secondary gross enrolment rate is on the order of 20% percentage points higher than in the average middle-income country. In basic education, male and female participation rates are similar but in secondary education female enrolment rates are several percentage points higher – a significant achievement. Also, as a result of a surge in enrolments in the last decade, enrolment rates in tertiary education are well above the average for the Middle East and North Africa Region.

Palestine’s performance on international student assessments has been mixed. The West Bank and Gaza participated in the 2003, 2007 and 2011 Trends in International and Science Study (TimSS), an international comparative assessment designed to help countries improve student learning in mathematics and science. Scores in Palestine dropped between 2003 and 2007 but increased in 2011. After a weak performance in 2007, performance ranked reasonably well in comparison with other countries. Performance was much poorer in Gaza than in the West Bank; and this comparative situation is worsening as time goes by. Moreover, as regards education quality studies have found a mismatch between the skills and competences provided and those demanded by the labour market, TVET institutions being criticized for producing graduates with little regard for market demand. This is an area in which the EU has sunk considerable resources and may require revisiting. Details and further evidence are in Annex.

On health, child nutrition is good, vaccination rates exceed those of the average middle-income country, and there is universal coverage of pre-natal care. Life expectancy at 73 is good compared with the average of 70 for the Middle East. But these results are being achieved at huge cost. Health expenditures have been rising rapidly, the cost of health care delivered by the PA being considerably higher than that provided by UNRWA. There has been a massive increase in recurrent health spending on salaries with no comparable improvement in the performance indicators. And referrals outside the system account for about 44% of the total health budget. This is unsustainable. As noted earlier, data on costs and outcomes are extremely hard to come by so it is very difficult to assess the efficiency of the system accurately.

Problems in the sector were compounded by repeated ministerial changes and action by the Union

²⁵⁰ Finding confirmed by PEGASE evaluation: “All EU social support s in line with the social sector objectives identified in the PRDP 2008 – 2010 and the overarching NDP 2011 – 2013;

of Health Care Civil Servants and the Union of Teachers (both closely affiliated with Fatah in the West Bank). In 2006/7 they instructed civil servants in Gaza not to go to work (for the Hamas Government). This was either actively or passively supported by the PA and inflicted substantial damage on the health system in Gaza. As noted in previous EQs, this again demonstrates that support for the PA is tantamount to support for Fatah. In short, for a while the health care of the Gazan population became a source of tension between Fatah and Hamas. The EU might have used its leverage more effectively to intervene with the PA and apply pressure to resolve this tension (see later in this section).

Both in primary health care and education UNWRA plays a vital role. Evidence suggests that UNWRA's performance in both Gaza and the West Bank is better than that of the PA and that it is performing well in comparison with neighbouring countries. One question that will need to be addressed in the longer term relates to the merging of UNWRA's and PA's work on health, education and social protection, as there is massive duplication of effort and thus an undermining of efforts towards institution-building. This is unlikely to be possible while current attitudes to Hamas prevail but will need to happen eventually (in a manner that is not perceived as impacting on the rights of refugees). The EU should encourage UNWRA to start thinking about this.

All evidence and performance measures indicate that the Cash Transfer Programme (CTP) and social protection measures supported by the EU and others are exemplary. Targeting, which is based on means-testing, is well designed and implementation is excellent. The impact of the programme is however less clear, possibly in part because the amount of funding *per capita* is small. In Gaza, Hamas uses the same means-testing and targeting mechanisms as are used in the West Bank and UNWRA. Again it is functioning well. The EU chairs the Working Group on Social Protection.

It is interesting to note that, of the three programmes in which the EU is involved in the social sectors, the CTP/social protection programme is performing best by far. The EU is substantially involved in this programme and monitors it carefully. This is a programme for which the EU should take much credit.

A minor point in the context of the extensive EU support for the health sector is that support for the EJH is deemed highly effective by all those in the sector, given their importance in the referral system; it also highlights the linkage between what happens in Palestine and what happens in Jerusalem. Increasing emphasis was provided during 2013-4 on support implemented together with reform across the EJH on the one hand, and on the health referral reform (in coordination with USAID, WB, DFID) on the other.²⁵¹

Food Security. The results of a 2012 survey on food insecurity²⁵² depict a harsh situation. Over 34% of Palestinian households – approximately 1.7 million individuals – were found to be food-insecure; details are in the Annex. This figure is seven percentage points higher than the 2011 figures, which represents a reversal of the progressive improvements in food insecurity reported since 2009. The disturbingly high levels of food insecurity in Gaza can be explained primarily by the prolonged blockade, which continues to prevent any meaningful recovery of the local productive economy.

About 57% of the population of Gaza is “food-insecure” and some 1.1 million citizens are receiving food assistance. That said, the incidence of wasting and stunting is extraordinarily low in Palestine (even in comparison with advanced western economies), which would suggest that the steps taken by UNWRA and the PA to address the issue are effective. Another explanation for this apparent contradiction is that the numbers of food-insecure need to be re-examined. The numbers are based on extrapolation from income and expenditure surveys but this is not a particularly good measure of food insecurity. FAO has recently conducted an in-country mission to assess the methodology for measuring food insecurity. In short there is a need for a more evidence-based approach to

²⁵¹ EUREP communication, March 2013

²⁵² Socio-Economic and Food Security Survey, West Bank and Gaza, 2012. Joint Effort between the Palestinian Central Bureau of Statistics and the UN through FAO, UNRWA and WFP.

measurement of food insecurity (a view also expressed by the Deputy Minister of Health) and a closer look at the linkages between food and cash assistance. The EU drew up a food security strategy in 2003, and it would be useful to revisit this strategy.

UNWRA provides food assistance to some 830,000 in Gaza. Prior to the “blockade” of Gaza by Israel, it provided assistance to about 100,000. It was deemed necessary to provide assistance to an additional 700,000 Gazans as a direct result of the Israeli blockade. This provides a stark illustration of the political reality in Palestine discussed in the EQs above. Israel takes an action, it causes hardship to the Palestinian population, and the EU and donors pay to take the necessary remedial action -- in this case cash and food. It can be argued that the Israeli action is necessary on “security” grounds but it is fair to ask whether it is reasonable for European taxpayers to foot the bill. It repeats the argument advanced in earlier EQs to the effect that the EU and other donors are, in effect, paying for the cost of Israel’s occupation of Palestine.

EQ7/JC3 COOPERATION EFFORTS CONTRIBUTE TO INSTITUTIONAL CAPACITY-BUILDING AND GOOD GOVERNANCE IN THE SECTOR INSTITUTIONS

The PEGASE evaluation findings highlight significant contributions to capacity-building for social development, viz.:

- PEGASE DFS-related capacity-building (social protection) has been used to further human resources development with a view to supporting the PA’s social protection strategy through training programmes and programmatic work;
- In education and health the largest EU investment has been through payment of salaries. This has been supplemented by capacity-building in civil service reform. The effectiveness of institution-building is best measured by outcomes and results, which are discussed above. Generally there is good service delivery compared to other countries in the region, even those with higher *per capita* income. But more could have been achieved with greater focus on results (see also below);
- PEGASE DFS supported two important projects in the education sector: “Quality Systems for Quality Teachers (QSQT)” and “EU support for Technical and Vocational Educational Training (TVET)”. The QSQT, implemented by UNESCO built up the capacity of the MoEHE through a new institution, the “Commission for Developing the Teaching Profession” to implement the National Teacher Education Strategy. The programme supporting TVET, implemented by GIZ in partnership with MoEHE, aims to enhance the quality of training provision. As noted there is still a long way to go to ensure that graduates receive TVET training geared to the needs of the private sector.

A constant refrain during the evaluation team’s mission was the comment by those in and outside Government, including in several well-placed NGOs, to the effect that institutions are generally weaker today than they were in 2000. This comment was in part related to the split between the PA/Fatah on the one hand and Hamas on the other, with both delivering services – sometimes cooperatively, sometimes less so as in health around 2006/2007. Hamas has about 40,000 employees who are not paid by the PA. The PA employs staff in Gaza, including staff in the health and education sectors. About 30% of these employees are not working, and training and institution-building efforts in Gaza are therefore often difficult to harmonize. In some cases, for example the CTP, Hamas delivers good services; in education and health, less so. Thus delivery of a uniform, consistent and coherent institution-building effort is at present proving very difficult. Following the 2006 elections, this situation was seen as temporary but has been allowed to persist for some 6-7 years without being seriously tackled. Fortunately, this is now being addressed. It is being tackled through integration of these staff with Hamas health and education workers on the grounds that service needs are increasing. The last-mentioned assumption is indeed correct but absorption without an assessment of efficiency into a civil service that already shows signs of being part civil service, part social security, will further expand the size of the civil service, which is already very large as a percentage of GDP (an issue addressed below).

While institutional development is only one aspect of governance, it provides a proxy for overall governance of the sector. There has been a lack of (i) clear and monitorable targets for measuring and assessing performance, (ii) measures for assessing efficiency (why, for example, can UNRWA provide the same or better services at lower cost?), and (iii) stronger and more open involvement of NGOs and Civil Society to strengthen accountability and transparency in these sectors.

EQ7/JC4 EU-PALESTINIAN COOPERATION EFFECTIVELY SUPPORTS GOALS OF A SOCIALLY VIABLE SUSTAINABLE PALESTINIAN STATE

It is clear from the foregoing that EU support for the social sectors has both - directly in the case of the CTP, and indirectly through support for salaries (most of which benefit the education and health sectors) - met the goals set out in the Action Plans to help the PA meet its financial obligations to fund wage expenditure on civil servants, and also provided services to the Palestinian people. In this regard the EU has achieved what it set out to achieve, building the elements of a Palestinian State. That said, however, it is far from clear that it has contributed to the building of a *sustainable* Palestinian State. Since 2007 the EU has used its DFS programme to support the reform and development agenda of the PA by helping it variously to reduce its budget deficit; to meet its obligation to civil employees, pensioners and Palestinian society; and to maintain essential public services to the population. In short the emphasis has been on enabling the PA to keep functioning rather than on reforming the PA, apart from those reforms it itself put forward in the PDPs.

The PA's budget is largely driven by the cost of wages and salaries, which in turn are driven by the health, education and security services. In 2003 the wage bill was less than 3% of GDP. By 2006, it had jumped to 26% (source: World Bank). In 2008 the new PA government recognized the importance of controlling wages and had some successes. PA wages and salaries now account for about 17% of GDP; but this does not include the 40,000 Hamas employees. Nor does it include the large number of health and education workers employed by UNWRA who will, in the event of a peace agreement, need to be taken over by the PA. Thus, if both these were added, salaries as a percentage of GDP would be huge, probably of the order of 25% of GDP; countries with similar levels of development typically spend around 10% of GDP in this regard. It is true that Palestine has an extremely poorly developed private sector for reasons discussed earlier relating to restrictions on movement of goods and people imposed by Israel. Without these restrictions GDP would be higher and thus salaries as a percentage of GDP would be lower. However, it is unlikely that even a dynamic private sector would be enough to double GDP (donor assistance would probably drop too after a peace accord) and thus bring the ratio of salaries within country "norms". In short, by any measure either the number of employees or the level of wages will have to be brought down over time. In an effort to control numbers, the EU and other donors agreed with the PA on a targeted maximum increase in the PA labour force of 3,000 per annum over recent years. This target has now been brought down to zero. But there has been no attempt to address the actual size of PA employment, which stands at over 150,000 (excluding Hamas employees).

The EU is financing a civil service reform project but it does not address the major issue impacting on long-term sustainability: the overall size of the civil service (which will need to take account of those now working for Hamas and UNWRA). Palestine cannot afford a civil service of this size once it becomes a fully-fledged country; this issue has the potential to undermine the long-term sustainability of the State (see below). Several senior present and past PA officials and ministers told the mission that large number of employees on the payroll is not gainfully employed, There will need to be significant reform of the civil service (where most are employed in education and health, and security). This should be of particular concern to the EU since it pays about 30% of the PA's entire salary bill.

In this regard the evaluation team fully supports the conclusion of the European Court of Auditors to the effect that (a) there are a number of aspects of the current PEGASE DFS approach that are increasingly in need of overhaul, (b) the issue of civil servants being paid in Gaza without going to work needs to be addressed (but which is finally being addressed), and (c) the lack of performance

indicators included in the financing agreements for PEGASE DFS which makes it hard to assess the concrete results of the support. Again, this issue is being addressed with the introduction, in early 2014, of a results-oriented framework.

The mission was told that the EU could not cut off funding to the PA as this might lead to its collapse and unnecessary hardship for the Palestinian people; any such decision would have to be taken at the highest levels of the Commission including Member States. This is the basis of the argument against conditionality. Given this situation, the EU has often felt hamstrung in demanding reforms of the PA other than those suggested or put forward by the PA itself. Senior PA officials (past and present) told the mission that it was their clear understanding that, whatever it asked for in terms of salary support, the EU would provide (although this has been changing over the last couple of years – see, for example, recent minutes of ENP subcommittee of ECFIN). The EU has thus been in a very weak position on policy reform. As noted in the above-mentioned Audit report, we believe that the PA should be encouraged to undertake more extensive reforms.

Because of the unwillingness to impose any conditionality on EU assistance, neither the EU nor other donors have been willing to challenge certain key issues that impact on the long-term viability and sustainability of a future Palestinian State. As noted, the introduction of a common results framework (only in 2014) is a real step in the right direction. That said, the CRF is unlikely to have teeth except in an indirect way through possible cut-backs in DFS. The recent EU Audit report noted that there was, and is, scope for using the massive leverage that accompanies the EU payment of one-third of the PA salary bill.

In short, the evaluation team and the Audit Review propose that consideration be given to using conditionality to address key issues. The failure to address these issues now will make them all the more difficult to address in the future. The first and foremost is the size of the overall salary bill and number of employees, which are not sustainable, especially when account is taken of the 40,000 Hamas employees, and the health and education workers currently employed by UNWRA who will eventually have to be subsumed into the PA. This view is supported by the European Court of Auditors Report which notes that, while the PA has tried to limit growth in the public sector (and at last has agreed to a zero net hiring policy), growth has nonetheless added to the already overstretched budget, with the PA making little progress on civil service and pension reform to reduce the fiscal impact. If the salary bill is being used as an extension of social payments, then it is better to slim down Government and move people to social security or opt for a buy-out. As noted, several senior past and present PA officials/ministers noted that many PA employees are not gainfully employed, which is demoralizing for those working hard. At the same time, measures should be continued and enhanced to improve the efficiency of services which probably means fewer, not more, Government employees.

Consideration should also be given or continued, within the social sectors, to pressing for reforms, using conditionality, in the following:

- a. pension reform (the current pension system is totally unsustainable as it is based on payouts that cannot be met in the long term); some reform efforts are ongoing²⁵³ but pension reform has been agreed in principle by the PA for 10 years with little or no real reform; it has been talk and no action.
- b. reform of the health insurance system;
- c. health referrals which present a massive bill for the PA and which has gone unchecked for years (the World Bank/EU/USAID/DFID are finally addressing this issue which should have been addressed much earlier); *and*
- d. the fact that in the past the EU might have used its leverage when the PA minister of health cut off PA assistance to Gaza, significantly affecting the health system in Gaza after Hamas took over.

By not addressing the size of the salary bill (the EU only addressed growth in the number of

²⁵³ Pension reform is addressed by the EUREP under the track 1 "fiscal sustainability/policy reforms"

employees), it will be extremely difficult to build a sustainable State without continued donor support, even in a scenario that allows reasonable private sector activity (a constraint that, as discussed earlier in this report, cannot be resolved until Israel eases restrictions on movement of goods and people). The March 2013 IMF report to the AHLC noted that the liquidity crisis has deepened and the public finances are on an unsustainable path and that, if left unchecked, these trends will ultimately lead some to question the legitimacy of the PA and undermine its ability to govern effectively. The report speaks of an increasingly precarious fiscal situation and the September 2013 report notes that the economic situation in Palestine continues to deteriorate. A clear sign of the challenges to the sustainability of the present system, in the absence of civil service and pension reform, is the increasing difficulty the PA has in paying salaries and pensions on time (Auditors Report, page 24) – an issue partly but certainly not fully related to the withholding of transfer payments by Israel. What is important is to create a framework in the near future compatible with a sustainable State, if and when movement restrictions are reduced and trade can take off.

While the evaluation team recognizes that past wrongs cannot be put right immediately, it is important to start immediately on the tackling of issues relating to the building of a sustainable State, particularly those that will take several years to address. In sum, the EU needs to think about an exit strategy from the current form and level of support. If there is no peace agreement in the near future, how long will the EU continue to pay for an excessively large civil service and for survival of the PA? There is a need for serious civil service reform including a salary review (the private sector used to be paid more than the Government sector, but this is no longer the case). Currently 35% of the wage bill goes to the security forces, representing 39% of PA employees. Is this level necessary and affordable? Also how will Hamas employees, numbering some 40,000, be integrated or made redundant? These are all issues that should be addressed rather than deferred to the future.

2.8 EQ8: PRIVATE SECTOR AND TRADE

Are the EC's interventions on private sector development and trade effectively promoting the goal of an economically viable Palestinian State?

Summary Answer Box EQ 8: PSD

The Action Plan (2013) and the draft SSF present the outlines of a strategy for private sector development (PSD) and trade. It is highly relevant and consistent with past EU practice, and addresses the main issues while acknowledging the obstacles to its success. However it is mostly aspirational; specific ways and means of achieving the outcomes sought remain to be developed, and in any event turn largely on the binding constraints not addressed by actions in the strategy.

Nor is it clear why private sector development, although critical for a future viable Palestinian State, should be a focal sector for the EU which has no particular comparative advantage in the sector but has greater leverage in others that are not as well addressed, health in particular.

Prior to 2013, although there was direct financial assistance to the private sector, most notably through PEGASE in the Gaza Strip, there was little evidence of coherent PSD or trade strategy, given the binding constraints.

The EU is a respected and effective leader in donor coordination and in dialogue with the PA, with other donors and with the Palestinian community on private sector and trade.

Twenty years of Israeli restrictions have taken a heavy toll of the private sector, particularly over the evaluation period. While the EU has tried a number of approaches, both to PA capacity-building and through PEGASE to private sector actors, by 2013 options were limited to marginal interventions aimed more at compensating, maintaining and preparing the PA and Palestinians for private sector growth rather than directly contributing to it. In other words, *unless the binding constraints are removed or substantially decreased, they render efforts in furtherance of PSD and increased trade marginal, with doubtful sustainability.*

The effectiveness and impact of private sector and trade support requires systematic political dialogue and actions focused on removal of specific constraints on access to resources or opening-up of efficient trade corridors, as two more recent EU projects have been attempting to achieve (the Trade Diversification Project and the Land Development Project).

In addition to the binding constraints issues, the second rank of obstacles to better private sector development lies in the absence of economic legality in the business environment in Palestine. Despite twenty years of donor efforts, significant basic property rights and business legislation remains un-enacted, including measures in respect of leases, securitization, corporate governance and oversight, trade, and quality standards.

Overview This EQ focuses on private sector development, which does not include all assistance to the private sector. The largest element of EU private sector support was PEGASE for private sector reconstruction (PSRG). This €26 million programme appears to have been less for private sector development than for rehabilitation assistance and, in some cases, for restart-up. The sustainability of such measures was questioned by the Audit, although another PEGASE evaluation suggests that EU support may have contributed to creation of lasting jobs and further suggests that the model be carried over to agriculture²⁵⁴. The Audit referred to the PSRG as rehabilitation.²⁵⁵ It noted that its impact and sustainability depended on relaxation of Israeli restrictions. In the absence of

²⁵⁴ External Evaluation of PEGASE 2008-2011, Section 3.1.5.re "Long term Impacts and linkages to development and policy reform", p.26. "The indicative success of the project and its careful quality control inspired PEGASE and the PA to consider further actions which would extend the PSRG formula to agriculture, an area of great importance to Palestinians and one where the negative impact of the Israeli occupation is very evident. Project development is ongoing to replicate the PSRG formula in agriculture in Gaza and in the West Bank where Palestinian farmers are obstructed, displaced and threatened by settlers. The design and implementation of such a programme is very delicate and difficult and should aim as envisaged by EUREP at a development activity rather than a compensation exercise. However, the availability of PSRG-type assistance where it is operationally feasible could well serve as a major source of reassurance and support for farmers in these important and vulnerable areas."

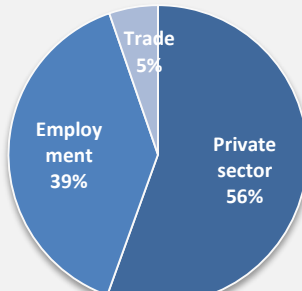
²⁵⁵ Audit, paras. 71-73.

performance indicators for PSRG and taking the Audit as the most recent evaluation, this EQ does not further investigate the PSRG model in its consideration of private sector development.

Over the evaluation period, stagnation and declining competitiveness and investment have characterized the Palestinian economy. Growth from 2008-2013 was fuelled largely by extraordinary levels of donor support, of which the EU contribution was the single largest. The tradable sectors have all declined and unemployment rates remain high. In 2013 growth has been negative, with a fall of 1% in the West Bank. Almost 24% of the workforce is employed by the PA, supported by the EU. Private investment is relatively low and foreign direct investment about 1% of GDP, too low to regenerate significant employment or growth.²⁵⁶ All these factors reflect a lack of dynamism in the Palestinian private sector, the dire condition of which has been well documented, with significant commentary. At the same time, as repeated in virtually every AHLC meeting during the evaluation period, the IMF and World Bank have urged the PA to manage the fiscal crisis better and reduce donor dependency. That said, the PA - and all who observe the context, including the IMF and World Bank - agree that a viable Palestinian State, better fiscal management and sustainability depend on a vibrant private sector for jobs and for revenue to sustain public services.

Table 11: DEVCO Committed amount by sub-sector under the PSD sector, 2008-2013

	Committed amount	N. of contracts	% on total
Total all sectors	2,087,504,740	589	100.0%
Total PSD sector	85,160,395	27	4.1%
<i>of which</i>			
Employment	33,392,310	4	1.6%
Private sector	47,273,231	18	2.3%
Trade	4,494,853	5	0.2%



Source: Datawarehouse and DRN own elaboration

As noted recently by the World Bank, “Israeli restrictions on trade, movement and access are clearly the binding constraints to investment...”²⁵⁷ Thus while the PA may be able to influence positively certain aspects of the business climate for private sector development (PSD), its efforts and the efforts of those assisting it will remain marginal in terms of its impact on much-needed competitive and productive private-sector-driven job creation, investment and growth.

In early 2014 the United States, supported by the Quartet, presented an Economic Initiative focused on private sector regeneration. This Initiative is explicit in noting the impact of the binding constraints. The ways and means proposed in the Initiative in relation to political negotiations for settlement of the root conflict issues are uncertain at the time of writing, and its outcome therefore remains speculative.

²⁵⁶ All statistics in this paragraph are based on PCBS National Accounts Data.

²⁵⁷ “Area C and the Future of the Palestinian Economy,” p.2, World Bank 2013 Washington.

It is also noteworthy to compare the current situation with that prevailing in 1993, just before the Oslo Accords. Volume 3 of the World Bank’s 1993 study “Developing the Occupied Territories” concerned private sector development. Then, the private sector was the dominant and growing economic force in Palestine accounting for 85% of GDP with little public sector participation or donor support, though dependent on Israel for access to external markets. That volume also noted that “...restrictions on movements, confiscation of land and buildings, house sealings and demolitions, uprooting of trees, and restrictions on land use...” were measures “not conducive to investment”, p.4.

EQ8/JC1 CLEAR GOALS AND STRATEGIES SET FOR PRIVATE SECTOR DEVELOPMENT AND TRADE

Action Plan (2005-2013). A review of all the Progress Reports for the 2008-2012 period reveals relatively little trade between the EU and Palestine. They do mention EU assistance for customs and legislation relating to sanitary and phyto-sanitary issues; progress on an agreement for agricultural trade liberalization; and one reference (May 2010 Progress Report, sect. 7 for 2009) to the European Palestinian Credit Guarantee Fund. *No particular goals or any strategy for trade and PSD could be determined from these documents.*

The Joint Action Plan (2013). The Joint Action Plan is specific to PSD and trade, calling for support for a competitive Palestinian private sector by minimizing constraints and facilitating self-reliance. It also calls for further developed trade relations to facilitate full implementation of the Interim Association Agreement on Trade and Cooperation. Both priorities have timelines, benchmarks, indicators and specific mutual responsibilities.

The Complementary Objectives to the Action Plan in Section VII refer to a long list of trade-related actions to be taken regarding implementation of the Euro-Med agreements, movement of goods, rights of establishment, Company law and services, and other areas relating to PSD including competition, consumer protection and tourism. None of these actions includes any obligations, benchmarks or associated specific assistance.

Of particular relevance is Section VII.i. Movement of Goods, which specifies five actions the parties are to undertake, including “reinforce co-operation among the EU, the PA and Israel to facilitate the full implementation of the Interim Association Agreement and of relevant provisions of the Paris Protocol.” *This particular proposed action addresses the primary binding constraints, although there is no indication of ways and means.* And therein lies the single greatest and most difficult problem for PSD and trade, which some writers refer to as “the elephant in the room”. The Action Plan identifies the main issue obstructing use of the room (large and obvious), but offers no suggestions regarding the actors, ways or means through which it could be addressed.

All other measures focus on actions within the PA’s span of control, although the references are to “Palestine”, most of which is not within the PA’s span of control. This conceptual disconnect creates a potential for failed implementation effectiveness. For example, until its introduction in 2012 in the Land Development project, nothing in the EU PSD programme addressed access to resources or Area C or more predictable movement.

As regards EU support it calls for unspecified “continued support for the private sector”, agreement of liberalization of agricultural trade and “enhanced engagement on the issue of the fishing zone in the Gaza Strip”. Again the ways and means of effecting the intended action and thereby achieving the intended outcomes and objectives remain to be determined.

The LDS of October 2011 and June 2103. While PSD has been a focal sector for the EU throughout the evaluation period, in contrast with the focal point of governance the LDS does not provide much information on the EU’s goals or strategy for either trade or PSD, suggesting the absence of a settled strategy.

SSF. The October 2013 draft retains PSD and Economic Development as a focal point. It notes that the EU’s support has included a broad range of projects tackling different areas, the most significant of which were PEGASE targeted on the private sector for reconstruction and reinvigoration of firms whose assets were damaged by Israeli operations, and funding to UNRWA for the Emergency Job Creation Programme, primarily in Gaza. Yet while these measures provide assistance to the private sector, they do not necessarily constitute development and the SSF fails to make that distinction.

The SSF states that in future its assistance to the private sector will align with the PA’s forthcoming plan, which is expected to reflect the US Economic Initiative. However, the SSF is explicit in its aims

of improving the investment climate, advancing competitiveness, achieving access to markets, and ensuring market-oriented labour skills, all of which would be agreed private sector development actions. Certainly these are relevant, consistent and coherent developmental aims.

The SSF notes that active EU participation or leadership in the Action Plan's relevant sub-committee, the Economic Strategy Group and LACS, will be used as leverage, although precisely how and to what end is unclear.

Aid coordination structure for the economic sector The EU has an established, widely-acknowledged position as a leader in private sector coordination and dialogue. EUREP is a member of the Economic Policy Strategy Group (ESG), chaired by the Ministry of Finance and World Bank; working groups and sub-groups are organized for the following areas, all with EUREP membership:

- private sector development;
- micro and small finance Task Force;
- agriculture;
- fiscal issues.

EQ8/JC2 COOPERATION INTERVENTIONS RESPOND TO THE NEEDS AND DEMANDS OF THE PROJECT PARTNERS AND TARGETED BENEFICIARIES

The interventions are aligned with the PA programmes as laid out in the PRDP and the NDP. The latter in particular outlines the goals of PSD with regard to reaching new markets and enhancing competitiveness. EU support for the PA quality framework and the trade diversification and competitiveness programmes is in direct response to the PA's expressed needs and demands. As noted above, the 2011 evaluation of PEGASE notes job increases, suggesting positive outcomes in terms of performance and markets.

Whether the interventions respond to the needs and demands of the targeted beneficiaries other than PA agencies is unclear. Under the Trade Diversification Project (discussed in greater detail below in JC3), MoNE led the process of the National Export Strategy and a trade services unit was established within MoNE. The impact of this and other capacity-building efforts in MoNE were hampered by staff turnover and it seems from the documents reviewed that their effectiveness could not be confirmed in the field. MoNE ownership of the EU programmes for standards, and WTO accession, appeared strong.

Private sector interlocutors in the West Bank and Jerusalem knew little of EU projects relevant to them. Most considered the EU as working with the PA but had little idea of their activities or how the EU might benefit them directly. There was no opportunity for interviewing PSRG beneficiaries in Gaza.

EQ8/JC3 COOPERATION EFFORTS CONTRIBUTE TO INSTITUTIONAL CAPACITY-BUILDING AND GOOD GOVERNANCE

The degree of success in sustainable capacity-building for PSD and trade is unclear as some observers suggested that capacity-building remains largely "personal", depending on i) the time spent in post by the individuals trained and ii) particular individuals' "wasta" or links with the leadership at any given time. Consultations with several major donors and former senior PA officials suggest that the skills transferred have atrophied as time passed, especially during the 2002-2008 period. Afterwards they have not been applied with the full intended scope.²⁵⁸ In any event, as

²⁵⁸ Meeting with representatives of the private sector at PalTrade, March 2013 and meeting with Samir Hulaileh, CEO Padico and PalTrade board member, March 2013, and in December 2013, meetings with representatives of MS (France, Spain, UK, Sweden), and meetings with former PM Fayyad.

conditions change over time and officials are unable to exercise their acquired skills fully, they move on, the institution loses capacity, and a new cadre must be trained.

The Trade Diversification/Competitive Enhancement Project is a good example of an effort to meet the demands of the private sector, build up capacity and address the binding constraints of movement restrictions constructively²⁵⁹. The programme has three components: Trade Corridors Facilitation focused on King Hussein Bridge; the National Export Strategy for 2012-2016, a public-private effort to identify competitive constraints and means of mitigation; and Trade in Services aimed at strengthening four sub-sectors, namely tourism, professional services, financial services and ICT. PALTRADE, the EU's implementing partner, has at least 327 members drawn from across the Palestinian business community. It is also an implementing agency for a number of other projects funded by USAID, Agence Francaise, Islamic Development Bank, World Bank, IFC, Ford Foundation, GiZ, and Friedrich Ebert Stiftung.

Interviews with PALTRADE and a number of its members indicated satisfaction with the EU-funded projects as meeting needs and providing useful information and some training. In particular, through EU facilitation the Palestinian and Jordanian private sectors are working for better trade links, using Jordan's relations with Israel and the EU's Tel Aviv office for Israeli liaison with COGAT and the Ministry of Finance. All report good coordination and constructive dialogue with Israel. DFID, Spain and the Quartet have also had constructive engagement on the trade corridors. The Netherlands had furnished a gantry scanner for the King Hussein Bridge. The trade corridors work is ongoing, but if tangible progress results the project could be a scalable model into which other projects can be fitted for complementary action relating to increased exports of higher-value goods.

The reasons why PALTRADE succeeded can be identified as follows:

- The project appealed to the inherent strengths of Palestinian firms and their determination to seize opportunities and to expand their businesses beyond mere survival.
- The project was led by an experienced Palestinian experts, applying a business-led approach which demanded participation by active private firms to facilitate support in return.
- The decision to promote coordination between Palestinian firms, the PA, Jordan and Israel remains complex, and carries all the risks associated with introducing a process which has not been perceived as historically successful, with potential failure due to the security and political situation. Nevertheless, working with the EU in both Jerusalem and Tel Aviv has a potential for producing practical results that also provide an essential learning experience for the EU, private sector and stakeholders, in particular the prospect that focused, practical interventions coordinated with political dialogue might pay off.
- PALTRADE was very practical and professional in its approach and able to adapt flexibly.

The capacity-building efforts and improvements in the business environment extend only to the PA and the West Bank private sector, but not to Gaza.

There were no substantial indications of success in capacity-building in PSD during the evaluation period leading to improvements in the PSD environment as measured by the World Bank Doing Business Report index of 2013, which ranks Palestine 14th among 19 Middle East States for ease of doing business, just below Yemen and higher than Syria, Iran, Algeria, Iraq and Djibouti.

From the documentation and numerous discussions in the field, the following observations can be made:

- Capacity-building in PSD takes place in the context of expediency, that is doing what can be done in the context of particular problems, gaps and deficiencies, but neither out of any strategic direction in the context of a national economy nor of building an enduring economic legality. The physical constraints of occupation have constrained the strategic options, reducing them to interventions in the margins;
- Some of the tasks relating to PSD capacity-building could be undertaken by the private sector.

²⁵⁹ Contract 268587, ROM MR 1445023.01, Euro 2,864,945 budget.

EQ8/JC4 EU-PALESTINE COOPERATION EFFECTIVELY SUPPORTS PRIVATE SECTOR DEVELOPMENT, CONTRIBUTING TO AN ECONOMICALLY VIABLE PALESTINIAN STATE.

A total of five projects under implementation or at a late design stage were reviewed.²⁶⁰ Other efforts in PEGASE were also considered. A quick review of the statistics for the West Bank and the Gaza Strip reveals a relative decline during the evaluation period.

The EU's efforts on PSD projects have had mixed success in their immediate results but no observable, measurable impact on overall viability. One significant project, the Trade Diversification/Competitiveness Enhancement Programme (see discussion above), aims to "increase the direct contributions of exports to 5Gross Domestic Product through enhanced competitiveness and higher export volumes" (project synopsis); but it may still be too early for it to have a measurable impact. The evaluation could not gather first hand information for Gaza as access was not allowed.

Private sector projects do not have clear results frameworks²⁶¹ or chains that can be monitored for impact and outcomes, and some may not be development projects within the scope of the SSF. In addition, any assessment of the expected results of the projects as measured against the strategy documents is constrained by the apparent absence of specific quantified outcome targets.

²⁶⁰ Trade Diversification/competitive enhancement programme; the DFID Palestinian Market Development Programme (design stage); Implementation of Palestinian Customs Modernization Programme; Support for the Palestinian Quality Framework; and EU Capacity-Building Programme to the Ministry of National Economy.

²⁶¹ Recently logical frameworks have been established for new projects, as the Palestinian Market Development and Start-ups incubator project

2.9 EQ9: WATER, SANITATION AND LAND

To what extent have the EU's interventions on water and sanitation delivered social and economic benefits (contributing to poverty reduction), supported national institutional capacity (contributing to state-building) and cross border Cooperation (contributing to governance challenges)?

Summary Answer Box: EQ 9 Water, Sanitation and Land

Constraints on the W&S sector are numerous and well identified in multiple reports, and suggest that the PA's 'nationwide' planning or development efforts have limited reach and remains precarious. Key constraints and unusual regional high levels of risk are well identified. EU Cooperation documents take stock of their complexity, but resolution of this mass of problems mainly requires movement on the political front. Thus the benefits of EU's interventions are limited.

The EU programmes are based on relatively constant objectives and their priorities are aligned with the national development plans, but the support programming is undoubtedly complicated in terms of defining and delivering resources and assistance. The Single Support Framework (SSF 2013) presents a shift from 'water and sanitation' to 'water and land', thus addressing the territorial issue, which is more coherent with the EU core objective of the Two-State solution.

There is no standard MDG indicator available from the Palestinian Central Bureau of Statistics on access to W&S. Figures from the WB reports (2011) give a water connection rate in West Bank of 83.8% and in Gaza Strip of 95.0%; and sewerage connection in West Bank of 40.6% and in Gaza Strip of 79.3%. However those figures need to be considered as excessively high and consequently insufficient, as the quality and available quantity do not meet the required demands and standards (unsafe water, inadequate water quality supply services, and maintenance and losses in the networks).

The EU Cooperation efforts on behalf of the needs of the sector are strongly relevant. However, the potential for overcoming obstacles and risks appears weak: outcomes are barely achieved within the timeframe or in quantitative terms (strong dependence on administrative or political goodwill from Israel or PA) and the programmes' effectiveness is often severely limited. In addition utilities remain dependent to a large extent on donor aid for O&M costs.

EU W&S sector interventions provide evidence of the Cooperation's contributions to capacity-building as part of each project or programme, but there was no EU dedicated project to capacity-building, as this has mainly been done by other financing agencies. The good collaboration between donors has led to a sharing and division of activities and the EU is informed of the implementation of capacity-building projects and could potentially influence the requested activities

The 2013 National Water and Wastewater strategy (PWA) encompasses institutional changes and decisions on Tariff Regulation, establishment of Regional Water Utilities, and the legal personality of Water Users Associations. All these items will clearly impact on Palestinian society livelihoods but civil Society has not been involved in drafting this document, and strong criticisms are expressed over the lack of coordination with the PWA. There is a need for emphasising the role played by the Civil Society in ensuring better information transfer, a building of consensus vision and, in consequence, provision for clearer accountability from the authorities. The EU is paying attention to this issue and recalls the lack of communication between PWA and the Civil Society and the need to remedy the problem at every possible opportunity.

There are two main Palestinian/regional Cooperation programmes on policy (Cooperation in water management – IWRM – and the Integrated Trans-boundary Master plan for the Jordan River basin. The EU is paying attention to the challenges (Executive Action Team EXACT) and the regional Cooperation platform contributes to the stability of the region and strengthens the Cooperation. Some good results from those dialogue platforms were achieved, such as the decision from the Israeli side to release fresh water in the Jordan valley and the development of a master plan as a shared tool, but the efficiency and performance of the efforts remain low and sometimes adversely affected by the non-participation of Israeli partners or lack of availability of data.

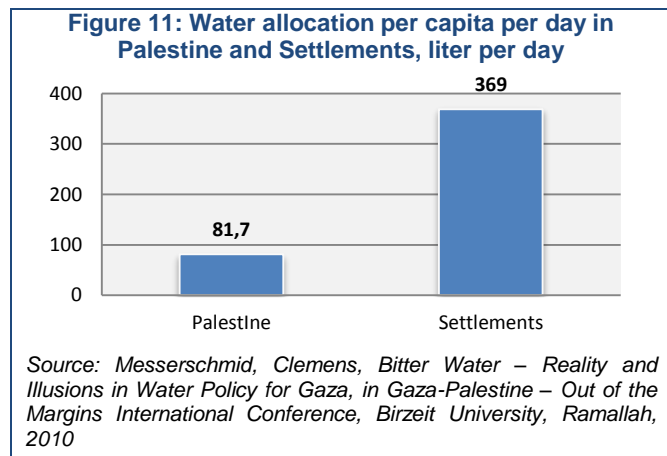
Overview. Water and Sanitation (W&S) access is one of the factors which most influences life in the Middle East and is one of the major problems in the Palestinian-Israeli conflict since it constitutes a fundamental geostrategic issue for subsistence in the area. The Israeli occupation strongly

influences the Palestine water situation both in terms of access to the available water resources, and by limiting the Palestinian National Authority's capacities to actively improve the situation. The overuse of scarce resources - over-pumped wells and waste of water - and the low standard of sewage and solid waste treatment have created severe problems of pollution and deterioration in water quality in Palestine. The lack of accessibility to water and used water treatment facilities create serious societal problems and in the long run affects political stability as well as general economic development. The availability of water and the strategies for granting access to it, and the fact that there is a complex mutual reliance on such a scarce resource, have often been exploited for different political purposes by both sides, and has certainly not contributed to stabilization of the region.

EQ9/JC1. CLEAR GOALS AND STRATEGIES SET FOR WATER AND SANITATION SECTOR

Key constraints for access to Water and Sanitation identified. The difficulties faced by the W&S sector are numerous and well identified in multiple reports from national and international organizations, which show that some key constraints are:

- an unbalanced governance system for scarce resources, with asymmetries of power and capacity, impeding rational planning and development of resources and the necessary infrastructure;
- an investment environment under rules and administrative conditions that create huge costs and delays, implementation constraints that make any project in the sector a political and administrative challenge;
- the weak institutional capacity of the PA for planning, implementation and management due to insufficient human resources and the obligation to address in parallel the technical approach, the political context and the administrative burden of the occupation;
- donor community development partnerships that move uneasily between the political context, development remaining constrained either in an emergency mode (Gaza strip) or by contextual difficulties in implementing a drafted regional master plan;
- the fact that even though the PWA considers water as a *'basic and vital component of the social, economical and political fabric of the country'*²⁶², access to drinking water, sanitation and hygiene services deteriorates progressively, and the lack of effective wastewater treatment has impacts on nature, biodiversity and groundwater quality, and endangers public health.²⁶³



Oslo II divided the West Bank into three geographic areas (A, B and C), this territorial administration also being relevant for water resource management. This political and geographical fragmentation has significant consequences for efficient and effective institutional and policy performance in terms of governance, rule of law, economic development and public service delivery. Any 'nationwide' planning or development efforts undertaken by the PA have limited reach and any progress remains extremely precarious.

The provisions of Art.40 of the Oslo II agreement were aimed at ensuring equality and Cooperation between the two parties by creating a Joint Water Committee (JWC) which rules and coordinates all water and sanitation activities in area A, B and C²⁶⁴. The PA and international organizations have criticized the current Joint Water Committee (JWC) arrangements as one of the causes of the

²⁶² PWA report - Strategic Water Sector Plan in Palestine - 2011-2013

²⁶³ Cfr. Annex 4 « Environmental context »

²⁶⁴ Further permits are requested in Area C (60% of the West Bank) by the Israeli Civil Administration (ICA)

inability of the Palestinian people to exercise their right to water²⁶⁵, viz.:

- the mechanism provides the Israeli members of the Committee with a *de facto* veto right on all its resolutions, Israel often linking permits for Palestinians with reciprocal approval of development of water sources for settlements, an arrangement that the Palestinian side is rejecting so as not to appear to legitimize the settlements;
- the most significant projects approved by the JWC are improvement of existing water systems and wastewater treatment plants, rather than creation of additional water sources for the Palestinian population, almost all proposals for additional large-scale water resources being rejected;
- the granting of approval by the Israeli Civil Administration for implementation of a wastewater treatment plan in Area C is often subject to the connection of adjoining settlements to facilities funded by the PWA, adding financial constraints to the execution of such plans, and compromising their humanitarian nature. In Area C, if the connection between the approval of WWT plant and settlers connection to the plant is not yet a reality (the WWT plant received JWC approval some 3 years ago), there is a high risk in the future relating to exploitation permits. For Area A and B, approval linked to settler connection could be imposed for projects next submitted to the JWC.

The Palestinian population has doubled since 1967 but Israel - which is required by law to provide water to the Occupied Territories - has maintained a level of water supply that has not grown in line with the increase in population density in Gaza and the West Bank.

The key constraints for access to W&S and the unusual regional high levels of risk are identified in a large number of reports, and the EU development and Cooperation documents take stock of their complexity. Yet resolution of this mass of problems mainly requires movement on the political front. Water politics, or the availability of water and the strategy for granting access to it, has been used in various forms by both Israel and Palestine, although much more aggressively by the former than the latter as a means of achieving national interests. The fact that there is a "mutual reliance" on a scarce resource and that there is not enough water for both communities has often been exploited for different political purposes, and has certainly not contributed to promoting stabilization of the region. Although water is presented as one of the pillars of a possible resolution of the conflict, resolution of the conflict strongly influences upstream a resolution of the water issues²⁶⁶.

Strategy, goals and plan of action defined and coherent to sector priorities. The PA W&S sector vision²⁶⁷ is "*Water and wastewater organized sector contributing to the promotion of the Palestinian sovereignty and ensuring the sustainability of water resources in accordance with proper principles and strong socio-economic environment conducive to development and achievement of the basic Palestinian demands*". The main priorities and goals of the sector strategy are:

- ensuring good governance and institutional legal environment that guarantees fair service distribution and good and sustainable water sector management;
- integrated water and wastewater sector management ensuring sustainability of resources and sustainable and equitable delivery of services;
- existence of a legal and institutional environment, built on wise rulings on managing the water sector and ensuring its prosperity;
- contributing to advanced levels of living, health and environment for all segments of society;
- institutions that function in an effective and competent manner on the basis of Cooperation between all segments of society.

The lack of uniform political mandates in Palestine (Gaza Strip and West Bank) has contributed to a situation of ineffective governance and weak capacity in the Palestinian water sector which,

²⁶⁵ Al-Haq Defending Human Rights, E. Koek, Water Discriminatory Access and 'Water-Apartheid' in the oPt - March 2013 / Amnesty International, Troubled Waters – Palestinians Denied fair Access to Water. Israel-oPt, 2009 / World Bank, Report No. 47657-GZ-West Bank and Gaza – Assessment of restrictions on Palestinian water sector development - Sector Note - April 2009

²⁶⁶ The importance of water politics in the Israel-Palestine conflict By Ana Huertas Francisco - University of Plymouth (UK) March 2010 <http://www.e-ir.info/>

²⁶⁷ PWA – National Water Sector strategy 2011-2013

combined with occupation-related restricting factors, has impaired the development of adequate policies and strategies for water resources management, infrastructure development and service provision. As the political situation (both internal Palestinian and Israeli-Palestinian) was subject to a number of unpredictable considerations, the EU's programming support for defining and delivering resources and assistance was undoubtedly complicated. The table below summaries the EU's strategic approach as set out in the Action Plans for 2005 and 2013.

Action Plan 2005	Action Plan 2013
<p><i>Under the action priority:</i> Energy, Environment, Transport and Science and Technology work towards improvements in the overall water and sanitation management system include:</p> <ul style="list-style-type: none"> • Promote enhanced regional Cooperation with neighbouring countries, including on sharing and management of water resources • Pursue efforts to improve water supply and quality, especially in rural areas, with a view to meeting WHO standards 	<p>The EU underlines the urgent need to re-launch the peace process so as to achieve a Two-State solution, including control by the Palestinian people of their natural resources, including equitable and reasonable allocation of trans-boundary water resources, in line with the relevant norms of international law, and to be pursued alongside other final status issues.</p> <p>Under the priority objective “Facilitate territorial management and access, including to natural resources” the following action has been proposed:</p> <ul style="list-style-type: none"> • Develop the necessary legal and institutional framework for integrated water and wastewater management system to ensure equitable service delivery and resource sustainability over all the OPT and provide support for its implementation. • Intensify efforts to facilitate connectivity in regional and international infrastructure networks (e.g., transport, energy, water, telecommunications, etc.) especially in the EuroMed region. • Implement sustainable development policies resulting in strategies and initiatives designed to achieve <i>inter alia</i> environmentally sustainable economic development and greater social inclusion.

Source: Action Plan 2005 and 2013

The Single Support Framework (SSF) of the EUREP Jerusalem Office²⁶⁸ presents a shift to a two-year programming exercise starting in 2014. In line variously with the PA's priorities, the Agenda for Change, the European Neighbourhood Instrument (ENI), previous EU support, and the local division of labour with the MS, the EU's support for Palestine will focus on three focal sectors of which the third is 'support for water and *land development*'. The shift from 'water and *sanitation*' to 'water and *land*' addresses the necessary territorial contiguity for a Two-State solution, and aims to support agricultural growth and profitability by means of comprehensive land and water development plans. This is a major shift and a clear call for more dialogue, with strong political consequences since the core of the Israeli-Palestinian conflict is the claim of two people to the same piece of land²⁶⁹. The choice of this focal sector is coherent with the EU core objective of the Two-State solution and the establishment of an independent, democratic and viable Palestinian State as this will support the Palestinian presence in Area C, protect Palestinian land from confiscation, and ensure continuity of land ownership. But this will require from the EU strong and clear political assistance aligned with operational needs for implementation of these focal strategic objectives, and translation of those objectives into concrete programmes, projects and technical assistance requirements.

EQ9/JC2. COOPERATION SECTOR INTERVENTIONS RESPOND TO NEEDS AND DEMANDS OF THE PALESTINIAN PEOPLE AND CONTRIBUTE TO IMPROVE THE SOCIO-ECONOMIC CONDITIONS

Number of households connected to water supply, wastewater collection and disposal services. There is no data available from the Palestinian Central Bureau of Statistics (PCBS) on access to water supply and sanitation as such (MDG indicator); the data that exists relate more to the quantity of water supply for the domestic sector and population and the daily *per capita* allocation.

²⁶⁸ Draft October 2013

²⁶⁹ By most definitions 'Eretz Israel' and 'Filastin' are the same exact piece of land

Table 12: Daily allocation per capita of water resources by Palestinian Governorate

Governorate	Daily allocation per capita (Liter/capita/day)	Total losses (Million m ³)	Quantity of water consumed (Million m ³)	Quantity of water supply (Million m ³)
Palestine	81.7	77.4	122.6	199.9
West Bank	76.4	26.0	67.9	93.9
Jenin	34.7	2.2	3.7	5.9
Tubas	55.2	0.5	1.2	1.7
Tulkaram	56.7	2.6	3.6	6.2
Nablus	98.9	1.9	13.0	15.0
Qalqiliya	118.6	1.2	4.5	5.6
Salfit	86.0	0.7	2.1	2.8
Ramallah and Al Bireh	109.9	4.8	13.0	17.8
Jericho and Al Aghwar	262.7	0.9	4.7	5.6
Jerusalem	45.1	1.3	2.5	3.8
Bethlehem and Hebron	62.9	9.9	19.6	29.5
Gaza Strip	89.5	51.4	54.7	106.0

Note: Data does not include those part of Jerusalem which were annexed by Israel in 1967

Source: Palestinian Central Bureau of Statistics – Statistical yearbook of Palestine 2013 – n°14 - December 2013

Table 13: Percentage of Households in Palestine Which Had Some of Facilities, 2010-2012

Facilities	2010	2011	2012
Water Public Network	92.0	91.8	92.0
Electricity Public Network	99.4	99.8	99.4
Sewage Public Network	57.4	55.0	57.4
Telephone Line	45.0	39.0	45.0

Source: Palestinian Central Bureau of Statistics – Statistical yearbook of Palestine 2013 – n°14 - December 2013

With a daily allocation of 81.7 litres per capita per day, Palestine is below the WHO's prescribed average need of 100 litres (all domestic health and hygiene needs)²⁷⁰. In 2010 Israel's equivalent figures were estimated at 300 litres and the Israeli settlements at 369 litres²⁷¹.

Table 14: Percentage of access to infrastructure in West Bank and Gaza Strip (estimations 2011 WB)

Services	2004				2007				2009			
	All households		Poor households		All households		Poor households		All households		Poor households	
	WB	GS	WB	GS	WB	GS	WB	GS	WB	GS	WB	GS
Water connection – public network	85.0	95.3	80.3	93.6	87.2	96.5	83.9	97.1	83.8	95.0	83.7	95.2
Electricity connections – public network	98.6	99.1	97.3	97.7	98.5	100.0	96.1	100.0	98.4	99.8	95.7	99.3
Sewage – public network	40.5	69.2	25.1	56.7	36.5	74.5	23.8	73.6	40.6	79.3	29.4	74.4
Availability of toilet – with piped water	93.1	95.7	78.4	89.3	95.2	98.8	86.2	98.3	95.7	98.4	90.3	96.3

Source: WB Report No. 61293 - GZ – West Bank and Gaza – Coping with conflict? Poverty and inclusion in the West Bank and Gaza - July 29, 2011

Although those figures seem to demonstrate positive patterns of coverage of services, they should be considered as optimistic, as neither quality nor quantity meet demands and standards:

- in Gaza 90% of the water is unsafe for drinking purposes;²⁷²
- there is inadequate water supply to meet demand (fragmentation);
- the steady growth of need brought about by a population increase (3% per annum for the West Bank) is not covered by an increasing allocation as stipulated by the Oslo agreement, owing to Israeli restrictions;

²⁷⁰ Palestinian Central Bureau of Statistics – Statistical yearbook of Palestine 2013 – n°14 - December 2013

²⁷¹ Messerschmid, Clemens, Bitter Water – Reality and Illusions in Water Policy for Gaza, in Gaza-Palestine – Out of the Margins International Conference, Birzeit University, Ramallah, 2010

²⁷² ARIJ The Applied research Institute, Status of The Environment in the occupied Palestinian Territory, A Human Rights – Based approach, (ARIJ), 2011. In Gaza, only a quarter of households receive running water every day, during several hours only, some 90,000m³ of untreated and partially treated sewage are dumped in the sea off the Gaza coast each day, creating public health hazards.

- the water (and energy) purchased from Israel is expensive;
- factional local issues worsen management of the services;
- access to drinking water, sanitation and hygiene services is deteriorating progressively;
- Area C in particular is suffering of inadequate maintenance of municipal water systems due to Israeli restrictions.

The costs for water and energy bought from Israel by the PA are integrated into a complex mechanism of reimbursement where the outstanding debts owed to Israeli are directly deducted from the PA's clearance revenues by the Israeli Ministry of Finance, as "net lending". The Palestinian households pay their water and energy on the basis of municipality collection mechanisms and tariffs, but the municipalities themselves are facing important issues regarding willingness to pay and, as a consequence, are confronted with larger deficits on clearance revenues.

Budget allocated to develop access to safe drinking water and increase the wastewater treatment. The EU is a major actor in health and environmental protection in Palestine²⁷³. Water and sanitation has been a focal sector of the EUREP, with a total of €85 million allocated to the water, sanitation and solid waste management sectors between 2006 and 2013. €42 million was allocated in 2011 and 2012, including €20 million for the Gaza Strip (of which €10 million from the Infrastructure Facility for a desalination project). In addition, under the Food Security Thematic programme (FSTP) 2007-2013, €7 million was allocated for projects supporting the agriculture sector, including major interventions in land and water development.

Table 15: EU main interventions in the W&S sector, allocated amounts

Policy and regional Cooperation	<ul style="list-style-type: none"> • Fostering Cooperation in water management between authorities in Israel, Jordan and PA – IWRM, climate change adaptation (EXACT, €1,5M 2011-2014) • Integrated Trans-boundary regional NGO master plan for the lower Jordan river basin, grant to water and environment development agency/ Friends of Earth Middle East, EU contribution €2.4M, total budget €3.1M
Water supply	<ul style="list-style-type: none"> • Water supply infrastructure projects in the Hebron governorate, €2M 2011-2012, small-scale low-volume seawater desalination in Gaza, instrument for stability €10M 2011-2015
Wastewater management and reuse	<ul style="list-style-type: none"> • Water sanitation and reuse for agriculture in Tayasir (Tubas Govt) €22M 2011-2017 • North Gaza Emergency sewage treatment (infrastructure facility 2005), €6M 2006-2014 (total budget €74M) • Medium scale wastewater treatment and reuse, food security NGO facility €9.48M 2011-2014 • Sewerage Nablus East for wastewater collection, sanitation and reuse project €20M 2014-2017 • Wadi Cooperation for urban water management – small-scale collective sanitation (Lebanon), storm water collection, flood control (Jericho) - €0.5M 2009 • Hebron sanitation and reuse project (2014 budget) • Sanitation and wastewater in Gaza storm water collection, flood control €3.5M 2011
Solid waste management	<ul style="list-style-type: none"> • Sustainable management of natural resources in Gaza – solid waste disposal - €11M 2012-2016 (this project includes a €5M EU contribution to 'Gaza solid waste management' (with World Bank and AFD) and a €5M EU contribution to 'Water supply improvement component of sustainable management of natural resources', Gaza • Recycling programme €0.6M 2010-2012

Source: EUREP and evaluation team elaboration

A review of the W&S projects (ROM) underscores the strong relevance of EU Cooperation efforts on behalf of the needs of the Palestinian people as well as their full alignment with National Development Plans. However, none of the development projects in the water sector targets access to natural resources in West Bank as the resources are under Israeli control. To date all EU interventions target the re-use of water resources and limitation of water losses. Often the programme outcomes could barely be achieved within the timeframe and in quantitative terms, meaning that all physical construction was probably insufficiently developed to contribute to their

²⁷³ Donor contribution to the W&S sector in Palestine – UN Water day 2013 – AFD, GIZ, PWA

achievement, as they are strongly dependent on completion of several time-consuming tasks and activities (not to mention administrative or political goodwill from the Israeli authorities or internal political splits between Gaza and the West Bank). The EU has managed to deliver sustained and high levels of assistance in the face of all of the risks, but it cannot reasonably be denied that the effectiveness of this assistance has been severely limited, in terms both of the socio-economic impact that such high *per capita* levels of assistance might have been expected to achieve, and also of achievement of the EU's broader objectives. The fact that the utility is dependent to a large extent on donor aid to cover a large portion of its operational and running costs means that improving its financial viability remains a major concern and this is likely to continue in the light of poor reconciliation perspectives. As a matter of hope, as most of the large-scale infrastructure projects have begun in 2013 and their effectiveness has not yet been valued, one might hope that in the future this judgement on effectiveness would improve, albeit still limited by the context

Since the provision for new 'fresh' water is subject to limited available resources and heavy administrative (political) constraints, the current and future projects are mainly focusing, and will need to continue to focus, on wastewater services. Wastewater collection and treatment services should be provided to all, with the goal of using the additional treated source of water (the cheapest source of water available, far cheaper than desalinization) for agricultural or industrial purposes. Steps must also be taken to improve the efficiency of repairing water leakages²⁷⁴, as this is a major contributor to the problem of (costly) wasted water. Water systems managers and users should be educated in the necessity of reducing water wastage and the need to conserve water.

EQ9/JC3. COOPERATION EFFORTS CONTRIBUTE TO ENHANCE INSTITUTIONAL CAPACITY-BUILDING AND GOOD SECTOR GOVERNANCE

Enhancement of sector Authorities (PWA) capacity to manage and mitigate the effects of water shortage and environmental issues. The EU Programme objectives were to support and enforce the institutions of the future Palestinian State, in line with the Palestinian Authority's priorities and the Quartet's call in March 2010 for bilateral Israeli-Palestinian negotiations, by providing the necessary infrastructure as well as complementary equipment. The analysis of EU W&S sector interventions provides evidence of the Cooperation programme's contributions to capacity-building as part of each intervention.

Yet the main support in this area is the Technical, Planning and Advisory Team (TPAT) financed by IDA with co-financing from AFD and SIDA. TPAT deploys resources and expertise within PWA for provision of transitional technical assistance and capacity-building. The TPAT works closely and inclusively with PWA and counterparts in other Ministries (Planning, Finance, Local Government, Agriculture and Environmental Quality Authority), to support and advise on implementation of Sector Reform processes.

In July 2012 the PA and major donors signed a Memorandum of Understanding (MoU) which mainly spelt out directions to the PWA to:

- separate the political and strategic (ministerial) functions from the regulatory functions of PWA;
- promote ownership and cooperation by establishing plans and agreements with relevant sector stakeholders;
- develop clear political and strategic (ministerial) roles and responsibilities together with operational guidelines, bye-laws and regulations; *and*
- introduce and strengthen regulatory functions for water sources and service providers.

The 2013 National Water and Wastewater strategy for Palestine (PWA) comprises decisions on a Unified Tariff Regulation for Water and Wastewater (art. 35 on financial accountability), establishment of Regional Water Utilities (art. 47 on rights, functions, powers, licensing and abstraction contract procedures, formation, management, financial resources, etc.), and the legal

²⁷⁴ Current water networks leakage amount 45 to 50%

personality of Water Users Associations (art. 51 on legal and financial rights and duties). All these items will impact clearly on Palestinian livelihoods and as such would need to be discussed on a wide consensual basis. However the Civil Society has not been involved in drafting this document²⁷⁵, and there has been strong criticism of this unshared effort to enhance and agree on the management of the PA's W&S sector by Civil Society, as there is no coordination with the PWA on restructuring of the PWA itself or on more generally defining and implementing the sector reforms in terms of roles and responsibilities.

Palestinian NGO 'AMAN²⁷⁶' cites that there *"is convincing evidence of mismanagement within the PWA and no clear legal separation between the political and executive levels within the Palestinian water institutions. To date there is no real functioning water law. Furthermore the National Water Council is not meeting and not functioning well"*. There is therefore a need for emphasise the role played by Civil Society in ensuring better information transfer, building consensus visions on common priorities and, as a consequence, provide clearer accountability of the PWA and sector authorities.

Support and enforcement of the regulatory framework and national capacities. The PNA regulatory framework has been developed since 1995 and relies on several documents such as the Strategy for the Water and Wastewater Sector (2011-2013), the Draft Water Resources Management Strategy (1997), the National Water Policy (1995), the Water Sector Strategy Planning Study (WSSPS, 2000), the Water National Plan (NWP) 2000, the Coastal Aquifer Management Plan (CAMP) 1999-2004 and, since the end of 2013, a revised National Water Policy and Strategy.

Support for governance at local and national levels has been a constant objective of the EU's actions in Palestine, and even if there were no EU dedicated project (TA) specifically in this area, the EU has provided its full support for other donor projects on reinforcing the PA and improving its institutional performance.

In the discussion between Israel and its neighbours, frequent reference is made to the concept of "water rights". A short-term dimension of the water problems in the region is clarification of the rights of access to water resources, in line with agreed international Conventions²⁷⁷. The Oslo Accords (I and II) remained incomplete on water rights and left them for 'final status negotiations'. It should be noted that if the 'water rights' are still not defined under international law, it is assumed that the intention is to refer to the rights of States under the agreed rules²⁷⁸ in respect of two customary principles:

- "equitable and reasonable use": that is, division of the shared resource should be made on the basis of an equitable and fair balancing of the various interests and uses by the relevant States;
- "prevention of appreciable or significant harm": that is, a riparian State is obliged, when using its equitable share of the shared international water resource, to ensure that its use does not unreasonably harm the interests of its co-riparians.

The JWC strictly controls the entire water sector, and if the principle of this Joint Committee is sound, the unbalanced weight and rights inside the JWC need revision since Palestinian water rights remain too often conditioned by Israeli approval. TA support from the EU for the Palestinian Authority on this particular legal topic would be a helpful diplomatic initiative.

²⁷⁵ The civil society is not mentioned in the TPAT activities

²⁷⁶ <http://www.amanpalestin.net/english/>

²⁷⁷ International Law Association Helsinki rules 1996, UN's International law Commission (ILC) 1997

²⁷⁸ But still not binding rules.

EQ9/JC4. THE EU INTERVENTIONS ON W&S CONTRIBUTE TO IMPROVING SUSTAINABLE USE OF WATER RESOURCES AND FOSTERING DIALOGUE BETWEEN STAKEHOLDERS, SUPPORTING THE GOAL OF AN ECONOMICALLY VIABLE PALESTINIAN STATE

Number and quality of regional coordination programmes on water resources management.

There were two main Palestinian/regional Cooperation programmes on policy issues:

- Fostering Cooperation in water management between authorities in Israel, Jordan and PA IWRM, climate change adaptation (EXACT, €1,5M 2011-2014);
- Integrated Trans-boundary regional Master plan for the lower Jordan river basin: grant to the water and environment development agency/NGO Friends of Earth Middle East (EU contribution €2.4M, total budget €3.1M).

Besides those two programmes the EU also supported large regional projects:

- Cross Border Cooperation (CBC) – part of Mediterranean Sea Basin programme 2007-2013, €189.2M;
- Support for the EU Water Initiative – Mediterranean component (Med-EUWI) IWRM and trans-boundary water resources management 2009-2013, €1.0M;
- Support for Sustainable Water Integrated Management (SWIM); WWT reuse, local water governance, €6.7M 2010-2014; and pilot project, €15.0M 2011-2014.

Support for political dialogue on W&S issues, thematic working groups or regular exchange of information at regional and national level. The issue of water is considered by the Palestinians to be the basic foundation for Palestinian sovereignty and is a most important element in ensuring true independence. The special circumstances give the principle of strengthening regional and international Cooperation a dimension of special importance.

The EU is paying attention to the challenges relating to the sharing of access to and management of water resources between Israel and the occupied Palestinian territory and consistently encourages both parties to address all final status issues, including water, during negotiations. The Executive Action Team (EXACT) is a multilateral Working Group on Water Resources to advance the Middle East Peace Process, formed in January 1992 to:

- enhance water data availability and water management practices including conservation;
- enhance water supplies;
- draft concepts of regional water management and Cooperation.

An Executive Action Team (EXACT) of water experts from Israeli, Jordanian, and Palestinian water management agencies manages the project. The activities consist of a series of specific actions to be taken by the Israelis, Jordanians, and Palestinians to foster adoption of common, standardized data collection and storage techniques among the Parties, improve the quality of the water resources data collected, and improve communications within the scientific community in the region. Technical and financial support for EXACT is contributed by the European Union, France, the Netherlands and the United States of America. Former donors include Australia and Canada. Since January 1995 the EXACT Working Group²⁷⁹ has achieved some successes:

- water data collection, storage, and retrieval capabilities have been established within the PWA, and those of the Israeli Hydrological Service and the Jordanian Ministry of Water and Irrigation were improved and enhanced (Waternet Information System WIS);
- mobile labs, computer equipment and advanced software have been provided, all donated to the regional participants within a coordinated, compatible framework;
- manuals, standards, and a variety of training programmes have been implemented;
- relevant, interconnected projects have been developed and are being implemented jointly.

As such this regional Cooperation platform contributes to stability in the region and strengthens the Cooperation between the core parties, jointly developing common management tools and sharing of

²⁷⁹ EXACT Multilateral Working Group on Water Resources <http://www.exact-me.org>

knowledge. The efficiency and performance of regional programmes in Palestine remain weak and are adversely affected by the lack of participation by Israeli partners, particularly when promoting joint events and general networking involving Palestinian Civil Society.

Strong information capacity is a major force in the conflict, and cognitive warfare (a form of propaganda) has become a successful element on both sides for eliciting third-party support. Accordingly a strong information²⁸⁰ component should form part of all EU and MS project activities, disseminating factual information²⁸¹ so as to gradually promote the levels of awareness of more and more people in the region - and hopefully of their governments as well - of the need to take on more cooperative responsibilities.

Resources involved in developing complementarities and synergies. The EU is the largest donor to the PA and UNRWA. Under a specific EU lead donor group and with the support of the European Commission as secretariat and facilitator, 12 EU sector strategies have been developed in Cooperation with the PA. This represents significant progress in the context of the Paris Declaration Aid Effectiveness Principles, and allows coordinated programming between the EU, its Member States and the PA.

Table 16: Policy dialogue - Water & Sanitation sector

EU lead donor	Germany
Participating EU donors (focal sector)	EC/EUREP, France, Germany (water & sanitation, area C)
Other EU donors (non-focal sector)	W&S: Austria, Italy, Spain, Sweden, the Netherlands Land & Water development: Spain, the Netherlands, France (through the agriculture sector working group and the olive and olive oil thematic working group) Area C: Belgium, Germany, Spain, Italy, Sweden, United Kingdom
Major non-EU donors	FAO (food security), UNICEF (water), JICA (water treatment), USAID (water and water treatment), World Bank (water and water treatment), OQR (land reclamation), Canadian Government, Swiss Development Cooperation, Brazil, Australia Aid

Donors have supported Palestinian efforts to develop the water and sanitation sector through capacity-building, strengthening of institutions, and humanitarian aid. However restrictions put in place by the government of Israel have reduced the effectiveness of these efforts, and the policies and practices of the government of Israel (particularly the JWC) have hindered progress towards durable solutions. There is a call for a policy change to provide vigorous diplomatic support and take active measures to prevent, for instance, destruction of donor-funded infrastructure after the relevant project has ended. Donors should include systematic recording of all damage and requests for compensation from the Israeli government for related delays or destruction. It is to be noted, however that some MS rejected in 2012 the idea of compensation requests to the GoI further to demolition of EU/MS funded projects (either development or humanitarian). EUREP was instructed by HQ to reach a compromise and achieve consensus with all MS. EUREP OPS therefore engaged in a difficult, delicate, long and time- and resource-consuming effort towards at least achieving consensus on the set-up of a comprehensive monitoring system (Area C, seam zone etc.) which could at least provide a comprehensive vision of what is funded by whom (EU and MS) and a quantification and categorisation of demolitions, stop working orders and other disruptive interventions by IDF. After two years, a preliminary system exists (OCHA financed by ECHO) and in autumn 2014 a comprehensive monitoring system will be put in place financed by EUREP and managed by a MS development agency. This story well highlights the difficulties of operations that are not robustly backed up by political willingness and action²⁸².

²⁸⁰ Not 'advocacy' which hides a political connotation

²⁸¹ This strong information is of course clearly not for any support for any kind of a boycott process against Israel

²⁸² Quoted from EUREP discussion in Jerusalem

3. CONCLUSIONS AND RECOMMENDATIONS

3.1 CONCLUSIONS

This chapter presents an overall assessment and the main Conclusions emerging from the evaluation findings and analysis presented in Chapter 2 “Answers to the Evaluation Questions”.

Overall assessment

For more than four decades the EU has played a **central role** in the Middle East process. From the early 1990s until now, numerous EU policy statements have been made calling for the establishment of a Palestinian State. During the period covered by the Evaluation the EU reiterated its **overarching political commitment to a Two-State solution and support for the consolidation of an independent, viable and democratic Palestinian State**. The explicit political goals were underpinned by a generous flow of EU aid amounting to € 2,4 billion between 2008-2013 (see Chapter 1 for more details).

There is a broad consensus that EU Cooperation (across the board) has provided **essential support for the PA and welfare for the Palestinian people**. These efforts have contributed to the broad ENP goal of stability in the region.

Yet the Evaluation collected abundant evidence that the EU goals of a Two-State solution have been seriously hampered by what this Evaluation terms the **“binding constraints”** being primarily the restrictions of Israeli occupation but also Palestinian fragmentation and deficits in democratic process. EU statements have clearly and specifically identified these binding constraints as the main obstacles to the Cooperation’s success. However, the Evaluation findings clearly indicate that **the EU has not been willing or able to address these constraints upfront**, resulting in a lack of coherence in the Cooperation. While Member States reach consensus on the declaratory policies emanating from the Council Conclusions, they refrain from taking more practical steps to remove or mitigate the binding constraints, avoiding confrontational or adversarial measures with Israel and, to a lesser extent, the PA.

The **lack of effective “triangulation” of EU efforts with Israel and the PA** concerning Cooperation objectives and the binding constraints vitiates Cooperation effectiveness. A major conclusion of the Evaluation is that in the absence of a complementary and effective political track engaging Israel and the PA on the binding constraints, the likelihood of the Cooperation’s achieving long term sustainable impact for a Two-State solution, including a viable, democratic Palestine, is negligible (as indicated by all EQs).

In addition, **the lack of democratic process** has left Palestinians with virtually no mechanism for holding the PA accountable for resource allocation and management. Over time, as the Cooperation continues to support public service delivery through the PA, it also facilitates a governance system **without mechanisms for accountability** to the Palestinian population served – **a pattern counterproductive to EU norms for good governance**.

Finally, despite the efforts of a highly committed EU Delegation, including a number of initiatives in 2013 and 2014 to seek greater harmony and better results, **Cooperation programmes** have been confronted with **major limitations**, weakening effectiveness, efficiencies and sustainability, including: (i) the lack of a cohesive strategy for leverage and complementarities, systematically linking the different instruments deployed; (ii) a deficit of adequate tools and human resources for performance-based programming, implementation, monitoring and evaluation, thus hindering a results-based dialogue with the PA and Israel; and (iii) the absence of mechanisms of accountability to the Palestinian people (see EQ 6-9)

The overall picture indicates a great deal of effort by the EU to prevent further socio-economic and institutional deterioration, maintain achievements to date, and seek short-term gains, all the while aiming for stability and the Two-State solution. While these efforts have accomplished much, the overarching EU goals remain distant and improbable. The Cooperation paradigm appears to have reached its limits in the current context. The Evaluation thus concludes that the time is right for the EU to undertake a complete review, directed at the highest levels and aimed at forging a more coherent, realistic and effective Cooperation.

Main conclusions

C1. The EU has been a reliable partner to the Palestinian people and the PA by providing critical support for the Palestinian welfare and PA institutions, thus contributing to short-term stability

This conclusion is underpinned by all EQs

Palestinian actors interviewed in the framework of this Evaluation overwhelmingly recognise the solidarity, reliability and critical support provided by the EU to the PA and the Palestinian people (including those in Gaza despite the EU's self-imposed restriction of 'no contact' with the authorities now in charge). This vital support targeted service delivery and welfare in many areas for the vulnerable (including through UNRWA) while keeping PA institutions afloat by financing key recurrent costs (largely health and education workers) and operational costs pending transition to a State of Palestine. The EU supported a myriad of interesting and relevant programmes in a wide range of areas (including human rights) that generated local dynamics and capacity. It has worked closely with its partner, the PA, to assure alignment with country policies and has demonstrated added value in reliability, consistency and focus on key sectors. It has differentiated itself from other actors in a crowded donor arena and taken a leadership role in coordination, harmonization and alignment with the PA.

C2. The EU has not been willing or able to address in a coherent political way the binding constraints that hamper the relevance, effectiveness and sustainability of its Cooperation

This conclusion is underpinned by EQ 1 and 2

While the EU's goals have long been primarily a political solution to the conflict (i.e. a Two-State solution underpinned by an independent, viable and democratic Palestinian State) the Cooperation has lacked a clear, determined and coherent commitment by EU Member States to take the necessary political steps to achieve it. The EU is left with an enduring set of statements on what the Two-State solution looks like (fully endorsed by Member States) and a strategy which addresses welfare but lacks the (political) tools to make it a reality.

"The EU is the most reliable donor. It has benefited us a lot but its programme now is a process without end. The effects are not visible to the average population nor sustainable without a parallel, effective political track".
Former Minister Statement - 2013

At the highest levels, the EU's stated policies have been increasingly specific since 2009 concerning democracy, viability and contiguity for Palestine. EU Council Conclusions have declared Israeli settlements, demolitions and annexation of East Jerusalem illegal, condemned human rights and humanitarian law violations, as well as access, movement and permit restrictions, the blockade of the Gaza Strip, violence and incitement, while calling for reconciliation between Palestinian factions. Although these issues remain the primary obstacles to the EU's

EU COOPERATION IN ITS
CURRENT
CONFIGURATION HAS
REACHED LIMITS IN
ADVANCING EU'S
OVERALL GOALS OF A
TWO-STATE SOLUTION

Cooperation's ultimate success, the EU has been unwilling and unable to address these binding constraints upfront. This is demonstrated by the following facts:

- There is no coherent, coordinated, direct and systematic political support, with consequences, linked to specific elements of the Cooperation in the EU-Israel partnership. Although the EU has a privileged political dialogue with Israel, and although Israel could remove or mitigate many of the binding constraints to the Cooperation's success, the EU-Israel Action Plan and other platforms available for constructive engagement are not directly linked either to the Two-State solution or to the Cooperation. Notwithstanding its investment in the Two-State solution and substantial trade and other good relations with Israel, the EU has not been willing or able to assume the leadership in triangulation of its dialogue with the Israelis and Palestinians.
- In the Gaza Strip the EU has been successful in adapting the Cooperation to the constraints of the blockade and the self-imposed restriction of no contact with the *de facto* authorities. While understandable, over time - given the PA's continued limited span of control - the EU's scope for positive action in the interests of reconciliation is reduced to a one-sided conversation with adverse implications for Palestinian (as opposed to merely PA) institution-building. Nevertheless, many Member States are uneasy about further steps and the authorizing environment for the Cooperation remains limited.
- Internally, there are no systematic means of measuring progress (or lack of it) towards political goals and the relationship of that progress to the continuing high level of financial assistance informing and orienting the EU's external action. In the absence of a clear country strategy grounded in an authorizing environment that permits backing of declaratory policies with consequential actions, EEAS guidance is perceived as uneven for reconciling the disconnection between declared policy and practice.

C3. The contribution of the EU to promoting democratic governance, fostering a culture of transparency and accountability, and building sustainable institutions has been limited

This conclusion is underpinned by EQ 6-9

While the Cooperation has been successful in preserving and attempting to strengthen functioning PA institutions, it has been less successful in building democratic good governance through accountability and transparency. The Cooperation features robust mechanisms to control and follow up the trail of financial support for intended beneficiaries. But it does not set verifiable standards or responsibility or inclusive processes of oversight and monitoring of public service performance. ***Long-term unconditional funding of recurrent costs combined with the lack of accountability mechanisms between the PA and Palestinians undermine EU objectives as a normative actor for democracy, good governance and development effectiveness.*** Without elections and given two decades of preparing for a viable State that seems evermore beyond its grasp, PA institutions risk functional atrophy and loss of sustainability and legitimacy. The now long-term absence of accountability and transparency contributes to a perception that EU Cooperation is comfortable with the current situation or complacent on matters of democratic good governance.

Two examples, elaborated in more detail in the respective EQs above, support this conclusion:

- In the focal sector of governance, approximately half of the EU Cooperation support was geared to paying public service salaries, largely health and education workers. Yet there was little to no attempt to link those payments to (i) democratic good governance, that is transparency and accountability mechanisms for oversight and monitoring including Palestinian beneficiary participation; (ii) civil service and wage bill reform, critical for sustainability and Palestinian viability; or (iii) ownership for PA reforms necessary for successful rule of law project outcomes. The DFS for salary payments model, deemed relevant in 2007, now begins to erode democratic

good governance, PA institutional capacity and EU credibility for normative principles. Recent initiatives have been undertaken to remedy deficiencies in performance monitoring but modalities and results remain uncertain.

- Civil Society has so far had a rather limited role in EU cooperation in respect of oversight, support for transparency and accountability of institutions. Since 2011 the Cooperation statements and efforts tend to strengthen the role of Civil Society as a partner. But given the limited resources and the absence of a clear operational strategy for accountability, CSO support is still channelled through calls for proposals and projects, with a fragmented, service delivery approach. CSOs tend to be seen largely as implementers for projects, not as input, feedback and oversight providers. Resources for CSO engagement in local and national governance and policy dialogue activities have been relatively few. Support for CSO participation in strategic planning and development as well as accountability mechanisms should be further developed.

There has equally been a lack of focus on **institutional sustainability**. Many donors, CSOs and former PA officials expressed the view that institutions today are weaker today than in 2000. Owing in part to the Fatah/Hamas split, the wage bill as a whole for service delivery, taking into account PA, UNRWA and Hamas is exceptionally high (in PA alone it accounts for 17% of GDP, together with UNRWA Palestine and Hamas, and the proportion jumps to about 25%). This is, admittedly, an extremely harsh environment for sustainable institution-building. Yet **EU cooperation still lacks a clear focus on this major issue**, as reflected in the absence of an accurate profile of the public sector. Paying the bills without assistance for rationalization and efficiency is not compatible with sustainable institution-building.

From 2008-2013 the EU made a **deliberate and strategic choice not to apply conditionality** or results-based performance incentives owing to the PA's limited span of control, the decline in the Palestinian economy and the need for reliable recurrent expenditure support to preserve the PA and boost confidence in the Two-State solution. Some PA officials reported that they appreciated the Cooperation very much but became confident of predictable EU assistance, with no particular incentive or disincentive (e.g., hard budget constraints) for ownership of reforms such as civil service limits.

Over time, and especially since 2012, the EU-PA dialogue, undisciplined by an element of consequential performance monitoring tied to financial support, has tended to **deepen PA dependency, giving rise to a culture of expectations and entitlements, eroding earlier gains in institution-building and good governance**. In 2014 the EU goals of a democratic and viable State are no closer and the implementation strategy, prolonged, predictable and unconditional as it is, may be counterproductive.

C4. The Cooperation implementation lacks a requisite depth of contextual analysis, a clear strategic focus, internal coherence and a results-oriented focus

This conclusion is underpinned by all EQs

In addition to the political disconnections between policy rhetoric and Cooperation practice, the EU support programmes for Palestine show a lack of overall internal coherence. Many instruments are deployed and many useful programmes are implemented. Yet all these efforts do not 'add up' to a cohesive, effective and results-oriented operational strategy. While recent efforts under the SSF signal a new approach, its direction and likely effectiveness and efficiency remain unclear but in any event lack the overarching realistic and strategic framework necessary for coherence, calibrated for consideration of the binding constraints as well as PA ownership and capacities.

This conclusion is evidenced by the following observations:

- The choice of focal sectors and their projects has been determined more by relevance to past needs than by adaptation and successful resource leverage for results in the dynamic context.

For example, while PSD is a critical sector for Palestinian viability, the EU has not demonstrated particular comparative advantage or capacity for overcoming the sector's overwhelming binding constraints. In contrast, the sectors accounting for over half of the entire Cooperation, in which the EU would be expected to have knowledge and leverage, and where the PA has a substantial span of control, are not focal sectors. They include health, education and social protection that are supported by all three tracks of the Cooperation and represent the single largest area of financial commitment. There were very significant positive results in maintaining sector indicators at a relatively high level and model achievements in social protection. However, taking into consideration the fact that PEGASE DFS is dedicated to institution-building and that UNRWA provides services parallel to the PA, there was little evidence of efforts to leverage PEGASE DFS for greater effectiveness in institution-building, especially in setting better and more harmonized outcomes for education and health and engaging UNRWA to help upgrade PA institutions (see also Conclusion 4). A number of steps were taken in 2013 to establish performance-based monitoring and linkage of PEGASE DFS to better outcomes in education and health. PA ownership is unclear and the means of gaining leverage in the absence of some form of conditionality is uncertain.

- At the design and operational levels, Cooperation programming remains in vertical silos, that is separate funding channels for particular purposes, with more attention to funding mechanisms than funding outcomes. The impression is one of many fine mosaic pieces, but with no clear view of how they connect to form a holistic vision. The design of the strategy provides very limited opportunities for developing operational complementarities and synergies. The SSF strives for harmonization and alignment but remains work in progress at the end of the Evaluation period.
- With the notable exception of public financial management, there have been few significant linkages between the different tracks or the various instruments, no setting of common sector strategies, goals, targets or performance monitoring, no systematic cross-tracking to use for an evidence-based dialogue in the Action Plan or otherwise.
- The Action Plan benchmarks are not linked in practical ways to particular financial assistance streams, programme targets or, critically, to any incentives or disincentives for progress or failure. Potential gains and dialogue leverage from complementarities were therefore not realized.
- The design of cooperation strategies also provided only limited openings for alliances with Civil Society partnership (although EUREP has recently undertaken steps to upgrade the role of Civil Society in governance and cooperation efforts).
- The effectiveness of instruments is furthermore constrained by a lack of an effective political dialogue across the tracks; tepid PA response and ownership and tepid efforts at policy reform for track 2 (i.e. cooperation with UNRWA); and cumbersome financial and procedural mechanisms and design that are not deeply informed by context dynamics.

C5. The EU has recently upgraded its overall intervention strategy (through the Single Support Framework) yet it is not clear how whether and how this will work out in practice

This conclusion is underpinned by all EQs

The recent draft Single Support Framework (SSF) provides an excellent diagnosis of the context (including the many binding constraints) and identifies many prior design inadequacies and lessons learned. However, it **does not indicate how the EU will effectively translate these new approaches into practice in a results-oriented manner**. There are several ‘missing elements’ in the SSF including how the EU intends to:

- Devise ways and means of linking the financial assistance elements to each other through performance monitoring across the portfolio.
- Address or otherwise devise coping mechanisms for the binding constraints, or drop activities of which the success turns largely on resolution of binding constraints such as movement for trade.
- Move PEGASE DFS out of a “temporary emergency” silo and link it to civil service reform and human development reforms.
- Revisit the choice of focal sectors and related programmes, although a more coherent linkage between the major financial elements of the Cooperation (PEGASE DFS and UNRWA) would suggest a focus on health and education and possibly dropping PSD in which the EU has limited opportunities for leverage.
- Link the governance focal sector to accountability and democratic process, moving toward demand-based projects, perhaps with emphasis on local government, for rule of law and away from supply projects for which there is little PA ownership.
- Embed the water and land development focal sector into governance considerations, including accountability (for the PWA) for equitable allocation and resource access, and human rights.
- Link the Action Plan’s benchmarks to implementation of the Cooperation’s financial assistance instruments
- Devise a specific strategy for work on the political, developmental and humanitarian front in Gaza, providing support contributing coherently to the EU’s goals for Palestine and the Palestinian People.

In particular the SSF’s continuation of the same focal sectors suggests a need to consider **an innovative forward-looking strategic approach for results**. As a number of MS concluded, the sector strategies that exist now are little more than an *ex post* rationalization of what different donors are doing, rather than a coherent and complementary set of interventions linked to the areas where the Cooperation has the greatest leverage, that is health, education and civil service reform.

Underlying this lack of concrete implementation strategies is the **pervasive shortage of human resources at the level of the EUREP**, in numbers as well as skills mix, which has been identified as a critical factor limiting Cooperation effectiveness, affecting strategies, programming, design, implementation, monitoring and lesson-learning.

3.2 RECOMMENDATIONS

This Chapter presents overall strategic recommendations and the main recommendations emerging from the evaluation findings and analysis. All recommendations are linked to the conclusions and findings of relevant EQs. A table summarizing the above links is presented in Annex 12.

Overarching policy recommendation: a greenfield approach

The main conclusion of this evaluation is that whatever the relevance and effectiveness of EU Cooperation in the past, by 2014 ***the time has come for a profound shift of the Cooperation paradigm with Palestine*** for more efficient, effective and coherent pursuit of the political and developmental ENP goals for Palestine. This leads to the ***overarching recommendation***, which ***is to adopt a “greenfield approach” to the EU’s overall cooperation with Palestine***. The evaluation sees this as the necessary first step –an holistic fresh overview not bound by past assumptions.

A greenfield approach invites the EU to face upfront the structural limitations of current approaches and, on that basis, design a new solid, interconnected, cohesive framework - an architecture for going forward, and a design more suited to effectively implementing the EU political goals for Palestine. Not aimed at simply augmenting or automatically repeating existing modalities, ***the exercise, initiated at a high level, would undertake a complete strategic portfolio review*** open to possible substantial restructuring and taking full advantage of the Lisbon Treaty and the Agenda for Change. The greenfield approach would not necessarily abandon the overall direction of the four tracks, but rather, drawing on recent external and internal reviews, *analytically* deconstruct and reconstruct them to find new ways of achieving more effective and sustainable impact.

The approach assumes that the EU principles and goals, as stated in the series of Council Conclusions (2009-2013), will continue to apply. It would also take into account changes in the context, including those resulting from the current initiatives underway, and presuppose sufficient stability for continuation of a high level of Cooperation efforts. Essentially the review would inform multi-annual programming linking the Joint Action Plan with the PA to the ENP Instrument.

High-level decision-makers involved in the application of the proposed ‘greenfield approach’ could consider ***two threshold scenarios***:

- The first is based on the assumption that the political conditions within the EU and Member States regarding Palestine and Israel will shift and that the internal structural impediments to a more coherent EU approach will be mitigated. This would create ***space for the EU to seriously address the binding constraints*** and engage Israel and Palestine in the triangular dialogue essential to achieve a viable, democratic, sustainable and contiguous Palestinian State. This scenario would be most favourable to a reinvigorated, coherent and effective Cooperation.
- A second and not-so-unlikely scenario is that there will be no significant change in the overall political approach of the EU and Member States to Palestine and Israel (despite the clearly demonstrated limits of such an approach, as confirmed again by this evaluation). In that case, the aim and actions would be ***focused more on strategic and operational improvements of cooperation efforts*** for the achievement of intermediate goals. The evaluation stresses that ***this second option may well help maintain stability and security in the short term. But it is not an adequate means of achieving coherence and effectiveness***, reconciling EU practice to its declared policy goals, ***but a palliative*** for want of political will, as structural problems and the binding constraints will not be addressed.

In either scenario the programming exercise would have common characteristics serving to establish a more solid foundation for improved efficiency and effectiveness and avoidance of results counterproductive to good governance. Both scenarios would make a realistic appraisal of PA ownership and likely Israeli cooperation. Both scenarios would feature interlinked and consequential measures, including in particular a comprehensive results-focused orientation. Other scenarios would include a risk/success calculation for binding constraints and calibrate mitigation and possible

exit responses. But the first scenario would imply more forward initiatives and responses. The second would be more a maintenance of stability approach, but with enhanced effectiveness, efficiency and sustainability.

The Greenfield Approach in practice: what does it entail?

Elements of a greenfield approach include:

- an urgent deep and broad review of the entire Cooperation across EEAS and DEVCO to better align Cooperation objectives, expected results and outcomes with the EU's declared political and normative objectives, political will, resources and capacities;
- a review of each of the four tracks of the present strategy, their components, performance history and relevance to present and likely conditions, their coherence and complementarities with each other;
- a review of the Action Plan process, both PA and Israel, considering the four tracks of the strategy for coherence and complementarities and realistic triangulation;
- clear identification of the binding constraints as specific implementation risks and obstacles *vis-à-vis* the four tracks and the Action Plan elements with an assessment of the political will and capacity of the EU to address them and with which instruments;
- a substantive search for coherence and complementarities, a resource review of internal implementation capacities and complementarities, including human resources;²⁸³
- a review of management structures targeted on results as well as administration of instruments;
- a close assessment of the PA's absorptive capacities, its appetite for reforms, especially for democratic good governance and accountability;
- a comprehensive and detailed internal EU portfolio review to identify the comparative advantages of the EU, opportunities for consolidation, expansion, restructuring and redirection;
- expanded participation in the portfolio review, following internal considerations, to the PA, UNRWA and then to Palestinian CSOs.

Once the above actions are completed, the greenfield approach could then lead to the ***design of a much more realistic and results-oriented EU framework***, aimed at improving the coherence, complementarities and effectiveness of the EU's external action in Palestine (including its cooperation efforts). This framework would identify where to:

- **link** Council Conclusions to operational practice for greater coherence and a more certain authorizing environment for the Cooperation;
- **triangulate** ENP framework dialogue and, where practical, link Palestinian and Israeli Action Plans, benchmarks, monitoring and incentives to Cooperation results and outcomes; within EEAS the scope and mechanisms for increased and coordinated external action in support of EU goals should be assessed; the EU should capitalize on existing platforms to support dialogue and political engagement with Israel and PA; in recognition of the uniqueness of the challenge, new platforms could be devised; a system of incentives and disincentives should be developed to promote peace, the Two-State solution and the removal of binding constraints; mechanisms should be established for a structured dialogue between the EUREP and the EU Delegation in Tel Aviv seeking progress towards EU goals and promotion of effective cooperation;
- **develop a performance and results-oriented, monitored, incentive-based ENP framework** of cooperation with the PA and UNRWA, not only on the existing bilateral basis but also on a trilateral basis aimed at better and more harmonized sector outcomes;
- **encourage a resource-backed action plan**, the SSF approach, for more pro-active, community-driven democratic reforms in Palestine (West Bank and the Gaza Strip);
- **work more closely in partnership not only with MS and IFIs but also with regional partners** to achieve mutually identified outcomes, including reconciliation – especially in terms of incentives to the parties to change behavior obstructing Cooperation effectiveness;

²⁸³ EQ 3 findings evidence a well documented gap of human resources in the EUREP; critical cooperation functions are limited by resources availability including: strategy development, quality of design, field visits and follow up of implementation, involvement of civil society and mainstreaming of CS in cooperation efforts, coordination, support for human rights, dialogue for policy reform. It is beyond the scope of the evaluation to specify the numbers and profiles of additional staff required. Increased resources availability depends first on a political decision and then should be based on a comprehensive review of functions to be developed as part of the greenfield approach.

- **link specific targets, benchmarks and performance monitoring to Cooperation policy dialogue**, particularly for recurrent budget expenditures, the wage bill and civil service reform for a path to less dependency and possibly an EU exit strategy;
- **focus at the community level on CSOs and local governments** to introduce a stronger culture of accountability, including accountability for Cooperation finance, comprising DFS;
- **work with UNRWA to advance its reform programme** in the context of its Medium-Term Strategy process for 2016-21 including (a) developing institutional means for inclusion of the refugees' inputs into the allocation of resources and their participation in oversight mechanisms, (b) working with the PA to harmonize sector approaches and seek uniform quality and outcome standards in health and education;
- **significantly expand communication efforts**, not only for informing the Palestinian people of the EU cooperation, but particularly for developing a broad and effective campaign targeting EU voters and taxpayers to build pressure within EU boundaries to find political solutions to promote peace and the building of a stable Palestinian State and the Two-State solution.

Strategic and operational recommendations to strengthen the overall effectiveness of Cooperation.

In the hierarchy of proposed recommendations, the need for applying a greenfield approach comes first, as a precondition for improved EU external action and cooperation in Palestine. This exercise should allow the EU to (i) confront the current mismatch between political ambitions and cooperation efforts; (ii) assess the internal feasibility of adopting a more coherent, joined-up European political stance towards the PA, Gaza and above all Israel (see the two scenarios described above); and on that basis (iii) design a more realistic EU framework along the lines suggested above.

A results-focused orientation can be pursued through implementing an institutional-level Results Measurement and Reporting for Management System; mainstreaming a results culture through systematic results frameworks for programmes and strategies; supporting Palestinian (PA as well as Civil Society Organizations') capacity to implement results-based approaches, for instance statistical capacities for monitoring and evaluation, working with regional communities of practice (sector- or function-oriented) for information exchange as well as oversight functions related to results; and using geo-mapping and other mechanisms which enhance social accountability.

This final section provides an **additional set of strategic and operational recommendations specifically targeted on the cooperation dimension** of EU external action in Palestine. These interlinked recommendations for a more coherent cooperation portfolio are relevant, regardless of the scenario ultimately selected by the EU following the greenfield exercise.

R1. Create the conditions for the Single Support Framework (SSF) to function and deliver

Linked to C5 and supported by EQ1 and EQ3

Evaluation findings indicate a qualitative leap forward in the overall EU approach to Palestine with the formulation of a new 'Single Support Framework'. It reflects the EU's capacity to learn lessons from past experiences and take remedial steps. Yet the evaluation concluded that this exercise should be deepened with a view to further operationalizing the SSF in a practical and results-oriented manner.

Operational recommendations

- (i) Maintain a dynamic political context analysis through the existing LDS and Heads of Mission process.
- (ii) Specify ways and means to promote political dialogue to address the binding constraints and calibrate programming according to the likelihood of their mitigation.

- (iii) Link the PA Action Plan specifically and systematically to the results framework of Cooperation programming so that Action Plan reviews include specific monitoring reports which in turn link back to consequences for incentives and disincentives. Consider areas of risk for the SSF that can be included in triangulation of dialogue with the Israel Action Plan.
- (iv) Develop a comprehensive strategy for support for Gaza, using focal sectors and DFS for a common platform of engagement.
- (v) Mainstream CSOs into upstream development of sector strategies, with specific reference to DFS, East Jerusalem, focal sectors and Gaza.
- (vi) Provide clear guidance on Cooperation approach and links to dialogue with Israel regarding breaches of international law, human rights violations and demolition of EU-financed infrastructure.
- (vii) Define strategy and actions for supporting social cohesion as an essential contribution to the long-term EU goals for Palestine.
- (viii) Provide strong focus on the human rights aspects of water allocation and sanitation.

R2. Review the choice of focal sectors on the basis of EU comparative advantage and to maximize complementarities and leverage

Linked to C2,C3,C4 and C5 and supported by EQs from cluster 1 and 4

Evaluation findings suggest that the choice of the three focal sectors has not been sufficiently based on a solid contextual analysis (including the likely impact of binding constraints²⁸⁴ on outcomes and the political economy of the PA governance system) and clear strategic choices (based on EU added value and resource leverage for results). This has not only reduced development effectiveness but also fostered a culture of increased dependency and decreased accountability. In any event the Action Agenda would permit more robust analysis and a fourth focal sector if the greenfield review chose to make that choice.

Focal Sector Operational recommendations

- (i) The EU should develop new focal sector strategies based on EU comparative advantage and linked horizontally to each other and to other components of the Cooperation to maximize complementarities and leverage.
- (ii) In particular, the EU should consider making ‘human development’ a focal sector in place of or in addition to PSD, given the massive EU financial support through PEGASE DFS for education, health and social protection.
- (iii) If this option is followed, the EU should ensure that in the ‘human development’ focal sector strong emphasis is placed on specific goals, objectives, benchmarks and targets with much closer monitoring and results/performance-based policy dialogue and disbursement, enhanced by greater transparency in reporting on results. Moreover, the human development sectors provide opportunities to facilitate communities of practice to foster accountability for human development standards and outcomes.²⁸⁵

²⁸⁴ Choosing PSD as a focal sector does not seem to take into account EU lack of capacity to address binding constraints; moreover interventions for PSD do not tackle the costs imposed by occupation thus resulting in a very limited impact on cooperation goals.

²⁸⁵ This includes rationalizing (i) the service provision wage bill, taking into account the totals when comparing the PA salaries, UNRWA salaries and Hamas salaries for health, education and social protection as well as (ii) health finance, especially for hospital references and particularly for reference to hospitals in East Jerusalem receiving EU support.

- (iv) If PSD remains a focal sector, then the EU should focus on those issues where progress is attainable and not prevented by the binding constraints. This approach would take into account the PA's span of control. Critical matters to target in the business environment, remaining unattended for almost twenty years, include land registration, securitization, leasing, corporate governance, business entry, corporate formation and exit, intangible/intellectual property definition and protection, and competition.
- (v) In the focal sector relating to water and land development, the EU could address the Joint Water Commission permit system - a binding constraint with strong focus on the human rights aspects of water allocation and sanitation²⁸⁶. Within the PWA's span of control, it is also recommended to focus more on leakages and lack of revenue for water, on Civil Society involvement in PWA accountability and transparency, and on increasing PWA monitoring and accountability (among other things through twinning arrangements in Cooperation with the MS).
- (vi) Based on experience elsewhere, the human development sectors (health, education and social protection) and water tend to be promising areas for results-based financing.

R3. Apply smart conditionalities linked to good governance considerations and backed up by a results-oriented political and policy dialogue

Linked to C3 and C4 and supported by EQ1, EQ4 and EQ6

The Evaluation clearly shows the limits of the EU strategic choices, applied over the last six years, to avoid conditionality or performance-based incentives in its relations with the PA. While there were objective arguments defending such a stance (e.g. the deteriorating economy, the need for reliable expenditure support and the limited span of control by the PA), the damaging effects of such an approach over the long term are equally visible in terms of creating unresponsive and unaccountable governance conditions, while eroding the legitimacy and capacity of Palestinian institutions. The way forward is to identify suitable conditionalities that foster improved governance (including in sectors and at local level) and allow for much more solid performance-based dialogue with the PA.

Operational recommendations

- (i) Create an operational framework (policies and procedures) linked to the overall strategies emerging from the Greenfield review. The operational strategy would set risk tolerances, and define the conditions and capacities needed at EUREP level to underpin a strategic, structured and results-oriented policy dialogue with the PA.
- (ii) Develop a comprehensive, clear, measurable and outcome-oriented results framework, focusing *inter alia* on changes related to policy reform, service quality, transparency and accountability, inclusion, ownership and capacity-building (see further specification and examples in the following):
 - **Results-based approach.** Link disbursements to delivery of specific services at a certain level of quality standard, such as connections to water systems, reduction in water losses, delivery of basic health care or other targeted services identified in an agreed strategy document. The main purpose is to shift incentives toward better performance.
 - **Results-based finance.** Disburse to a national (PA) or sub-national (e.g. municipal government or utility) body after predefined results have been agreed and attained with verification. Cooperation products and services such as classrooms or prisons or water

²⁸⁶ Water could thus become a test case for applying a rights-based approach. Concretely the EU could link the issue of water rights of the Palestinian people to the overall governance/human rights agenda in the EU-Israel Action Plan and addressing it in future Council Conclusions as a significant human rights violation.

connections are not financed *per se* in advance. This form of finance can also be used on a sector-wide basis and can be established in Palestine across the donor spectrum. The prior and ongoing EU efforts in PFM are exemplary.

- **A functioning monitoring and evaluation system** is critical and must be in place at the outset of a results-based programme that underpins disbursement. It supplements and enhances implementation, fiduciary and oversight functions. Given the institutional capacity in the PA and at local level, the health, education and social protection sectors are an ideal area for focus
 - **Financing of block grants for local government recurrent expenditures**, specific multi-sector purpose grants for capital investment in neglected sectors or sectors offering potential (agriculture, re-use of water, energy innovation in rural areas, etc.,). Such a programme (suitable in certain areas of Area B and perhaps C, if possible) would use results-based benchmarks and disbursement triggers to structure the funding, linking basic service results to the financing, policy and implementation inputs which it supports.
- (iii) Build on PEGASE DFS support to achieve greater accountability to and participation by the Palestinians served, for example including transparency in administrative appointments, civil service reform, and wage bill limitations.
 - (iv) Link the Action Plan Annex Complementary Objectives to funds in the Cooperation, including PEGASE DFS, as well as developmental projects.
 - (v) Closely monitor the reform of the security/justice sector for effectiveness, including greater use of EUPOL COPPS to inform justice sector practice reform.
 - (vi) Continue and expand efforts to support local governance and administration, including a focus on quality service delivery, participation by Civil Society, local democratic mechanisms, and governance of land and water.
 - (vii) Provide more active support for a Palestinian reconciliation process.
 - (viii) Increase efforts at national and especially local levels for elections and oversight functions, commencing as necessary with local CSOs and elected officials.

R4. Invest in the ‘demand side’ of good governance by fostering a culture of accountability (across sectors and instruments) and empowering Civil Society

Linked to C3 and C4 and supported by EQ1, EQ4, EQ5 and EQ6

Even when smart conditionalities are applied to the PA (as suggested in Recommendation 3); one should be realistic as to what can be expected from the ‘supply side’ of good governance under current conditions. This is linked to the political economy of the PA (including its lack of democratic legitimacy), the culture of entitlement that donor aid has created, and the conditions of occupation, which severely limit the span of control of the PA. Generally governance initiatives could benefit from a much greater emphasis on demand-side activities for better governance and less on supply-side projects where ownership, absorptive capacities and appetite for reform are limited or negative. This implies stronger EU efforts aimed at promoting a culture of transparency and accountability “from the bottom up”. Civil Society actors and local governments could be key allies of the EU in nurturing the “demand side” of good governance among Palestinian people, including in Gaza.

Operational recommendations

- (i) Adopt a governance approach to sector interventions, among other things by systematically assessing windows of opportunity to integrate accountability dimensions in programmes and projects.
- (ii) Invest in EU capacities to identify and support dynamics and actors of change from within society.
- (iii) Seize the opportunity provided by EU Delegations elaborating a Civil Society roadmap (by July 2014) to enhance the strategic nature of the partnership with CSOs, particularly in their role as governance actors, by
 - defining mechanisms for selection of strategic partners (also to be selected in function of sectors, goals and services);
 - identifying mechanisms and instruments for financial support other than thematic line programmes;
 - fostering the role of CSOs as actors of governance with the capacity to claim for rights, proper governance of resources, and accountability;
 - mainstreaming civil society engagement throughout EU sectors and interventions;
 - broadening the space for Palestinian CSOs to participate in domestic policy processes;
 - developing capacities to strengthen the quality of the dialogue with the central and local authorities;
 - supporting genuine processes of institutional development within the local Civil Society system, improving the enabling environment for CS; *and*
 - improving harmonization of the EU approach with Civil Society and specific EU actions (including ECHO and support for UNRWA).
- (iv) Strengthen multi-actor partnerships (local Civil Society, private sector, local administrations) as an effective approach to promoting the goals of good governance, democracy, service delivery, and of bringing EU Cooperation efforts closer to the Palestinian people.
- (v) Increase political support for Civil Society including support for social cohesion and recognition in East Jerusalem.
- (vi) Use communication as a tool for empowerment of citizens; develop a strategy and plan for a vast and capillary communication campaign targeting EU citizens, so as to increase awareness and support for the goals of the EU for Palestine and the Palestinian People and build democratic pressure to overcome binding constraints.

The following points offer specific examples for application for this group of operational recommendations:

- A measure of accountability as well as results orientation can be obtained by providing demand-side incentives to beneficiaries rather than service providers. The Cooperation-supported cash transfer programme has already gone far in developing beneficiary registries, training, and so forth, and in providing finance when milestones are met. This model can be improved and scaled up.
- Service delivery in targeted areas can also be added to encourage social inclusion as well as better quality. Decentralized service delivery can be combined with results-oriented assistance in unserved parts of Palestine or where local governance can be supported for improved accountability and democratic process.
- A results-oriented Cooperation would devote resources to building community-based mechanisms for accountability and better performance. Communities of Practice can be

identified once the CSO/NGO mapping exercise is complete. From this work, focus on targeted sectors and subsectors (e.g., primary education or rural water connections in the northern West Bank or in southern Gaza), working with PCBS, and developing a regular exchange of information and review of performance in the region. Build up the capacity of the groups to monitor and evaluate public sector performance.

R5. Strengthen a results-driven and reform-oriented strategic alliance with UNRWA

Linked to C3, C4 and C5 and supported by EQ4 and EQ5

The partnership with UNRWA is founded on longstanding and solid Cooperation agreements. Support for the Agency translated into delivery of quality services to the refugee population, contributing to human development outcomes and regional stability. However the ever-increasing demand for services on one side and the trend of static or shrinking cooperation resources should be one of the key drivers for increasing the effectiveness of support for UNRWA. The EU, as one of the main contributors to the Agency, should actively lead the ongoing process of reform.

Recommendations for increasing accountability of governance systems to the Palestinian people (see Recommendation 4) should apply to EU partnership with UNRWA, with an overall effort to strengthen a results-based framework, increased transparency (including budgetary transparency), accountability to service users, a focus on quality of delivery, and an opening-up to mechanisms of consultation and participation of the Palestinian population.

The EU–UNRWA partnership should go beyond the reform process and improvement of the effectiveness of support for refugees: the convergence of objectives for a stable solution of Palestine refugees' 60-year predicament, and the recognition that UNRWA could be a valuable partner in working towards this solution, should be the basis for engagement in mutual action pursuing peace and a stable solution for the Palestinian refugee population.

Operational recommendations

- (i) EU should pursue in its involvement in supporting the refugee population through UNRWA to ensure stability, human development and protection services for the refugee population.
- (ii) EU should actively support and possibly lead the process of reform of UNRWA, seeking increased efficiency, effectiveness and transparency, including:
 - support for an external assessment and contributions to new MTS, with a view to prioritizing the increasing gaps between demand for and supply of UNRWA services;
 - increased focus on cores areas of UNRWA's mandate;
 - addressing poverty reduction and vulnerability;
 - improvement of UNRWA budget transparency;
 - continued development of results-based framework; a results-focused orientation would help the PA and UNRWA improve the design and implementation of their own programmes and directly link developmental results to financial disbursements and Action Plan dialogue. At operational level finance would be determined by reference to progress on monitorable performance indicators rather than simply on whether expenditure has occurred or the fiduciary mechanisms satisfied.
- (iii) Support for UNRWA should seek complementarities with other Cooperation efforts, including:
 - complementarities with other cooperation tracks;
 - promoting increased cooperation with the PA with a view to contributing to sustainability of institutions and harmonization of service delivery;
 - complementarities with financing instruments and cooperation mechanisms;
 - synergies with the EU strategy of support for Civil Society, for example working with CSOs on education standards;

- harmonization of the strategy for human rights, humanitarian assistance and protection;
 - complementarities with DFS and interventions supporting health and education;
 - building complementarities with bilateral Cooperation and indicative programmes in host countries (assessing for instance opportunities for DPA institutional support and creating synergies for support for refugees in Jordan).
- (iv) The EU should increase accountability to Palestine refugees and increase participation of beneficiaries in governance systems (including citizens' oversight, assessment of services, and definition of priorities and planning).

R6. Clarify the types of outcome to be achieved in line with the EU's political and cooperation goals and ensure adequate systems for monitoring and evaluation

Linked to C2, C3 and C4 and supported by EQ1, EQ2, EQ3 and EQs under cluster 4

The absence of conditionalities and rather limited focus on performance has led to a Cooperation system that is mainly 'instrument-driven' and not 'outcome-driven'. This shortcoming has been noted both in the political cooperation (see EQ 1, 2 and 3) as well as in the use of instruments (EQ 4) or in the various sectors of intervention (EQ 6-9). In order to underpin the political and policy dialogue and make ongoing strategic choices relating to suitable sector and programme interventions, the EU needs to put in place solid systems for monitoring and evaluation, on a continuous basis, of the overall relevance and effectiveness of its cooperation portfolio in line with its stated objectives.

Operational recommendations

- (i) In order to ensure that the overall M&E system has a strategic value, the EU should adapt it to the specific context of cooperation with Palestine, taking into account critical variables as:
- effectiveness of interventions' contributions to the Two-State solution;
 - effectiveness of contributions to a viable Palestinian state;
 - strategic value of the intervention (for sector / area of intervention);
 - political dialogue with Israel;
 - political dialogue with the PA;
 - policy reform achievements;
 - mainstreaming of Civil Society and role of CS as Cooperation partner;
 - contributions to accountability and transparency;
 - development of complementarities through Cooperation tracks.
- (ii) In the framework of the above adaptation, the EU should clarify the type of outcomes the EU would seek to achieve in relation to the key characteristics of EU support for Palestine. Therefore the EU should enhance its assessment measures, relating in particular to the:
- effectiveness of interventions' contributions to the Two-State solution;
 - effectiveness of contributions to a viable Palestinian State;
 - quality and effectiveness of the political dialogue with Israel;
 - quality and effectiveness of the political dialogue with PA;
 - policy reform achievements;
 - mainstreaming of Civil Society, including in its role as governance actors;
 - contributions to accountability and transparency;
 - development of complementarities through Cooperation tracks.
- (iii) The EU should continue to support sector assessment and review interventions across the four tracks, including: i) assessment of support for governance and human rights, ii) assessment of human development with a focus on development of complementarities, and iii) EU Cooperation in Gaza.

- (iv) The EU should assess the potential negative socio-economic impacts relating to its Cooperation and how far aid, by concentrating power and financial resources in the hands of a restricted group of persons with limited oversight and accountability, may affect significantly the political economy in Palestine, with a risk to good governance and social justice.

R7. Improve programming, design and implementation of cooperation interventions

Linked to C2 and C5 and supported by EQ3

Beyond a more strategic choice of sectors (see Recommendation 2 above) the EU is also advised to further improve the 'downstream' management of its cooperation portfolio along the cycle (programming, identification, formulation, implementation, monitoring and evaluation). Evaluation findings (EQ 3, 4, 7, 8 and 9) have shown the existence of many operational disconnects resulting from a silo approach to cooperation, limited synergies between tracks and instruments, design flaws, and lack of results-oriented follow-up.

Operational recommendations

- (i) Give priority to a multi-annual planning process and strengthen programme and project pipeline management²⁸⁷, among other things by making provision for specific resources (i.e. programme / project design facility) to support pipeline development and the search for complementarities with other tracks and instruments.
- (ii) Improve the design of interventions by paying more attention to:
- the strategic relevance of interventions to sector and political goals;
 - the results-based framework to be used;
 - consideration of the political dimension of each intervention, with specification of mechanisms for political engagement with Israel (when relevant) and the PA;
 - support for policy reform;
 - outcome-based management system;
 - improved analysis of external factors and risks (including binding constraints);
 - sustainability arrangements;
 - Civil Society contributions to sector goals;
 - strengthening of transparency mechanisms and accountability;
 - complementarities with other tracks;
 - technical assistance provisions and capacity-building built into project design;
- (iii) robust and harmonized monitoring and evaluation arrangements; measurement of results would move from being merely a perfunctory component of project design and follow-up to being the primary driver of implementation. The focus would be on the results of the entire programme in the focal sector or subsector (changes at outcome and impact level)
- (iv) Assess opportunities for introduction of new Cooperation instruments (e.g. blending²⁸⁸).
- (v) Strengthen internal coordination mechanisms, including the establishment of direct interaction and coordination mechanisms between the Delegation in Tel Aviv and EUREP.
- (vi) Strengthen overall aid coordination in Palestine through:

²⁸⁷ Pipelines could be developed with least 12 months before financing; programme and project prioritization according to relevance to political goals, sector goals and impact on reform, effectiveness, sustainability).

²⁸⁸ Discussions with EUREP staff in Palestine pointed out the need of identifying new cooperation instruments and the possibility of blending cooperation efforts in particular for financing energy and sanitation infrastructures. Although Palestine is undoubtedly a risky environment for such investments, the evaluation agrees that the opportunities could be investigated as NIF objectives converge with EU cooperation goals in Palestine. The issue should be studied and eventually submitted to NIF strategic board. Options and opportunities could be scoped through grants financing project identification and pipeline development.

- continued efforts to revitalize LACS and use of the EU's position to increase the effectiveness of overall Cooperation efforts;
- increased collaboration between LACS and PA with support for institutional coordination capacities, including MoPAD, Ministry of Finance and sectorial ministries;
- establishment of leadership in LACS;
- establishment of an aid coordination mechanism for East Jerusalem;
- inclusion of mechanisms of consultation of, and participation by, Civil Society in Donor Coordination mechanisms.