



Ministry of Foreign Affairs

# IOB Evaluation

## How to Break the Vicious Cycle

Evaluation of Dutch Development Cooperation  
in the Palestinian Territories 2008-2014

How to Break the Vicious Cycle | IOB Evaluation | no. 412 | How to Break the Vicious Cycle | IOB Evaluation | no. 412 | How to Break the Vicious Cycle |



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April 2016



## Preface

For more than twenty years, negotiations have taken place between Israel and the Palestinian Authority (PA) aimed at sustainable peace, security and mutual recognition of Israel and a future State of Palestine. Even though there is broad international support for such a two-state solution, the many attempts to conclude the negotiations have not succeeded so far. The Netherlands has actively encouraged and supported progress in the Middle East Peace Process through political means, involving diplomatic efforts and dialogue with Israel and the Palestinian Territories (PT), through inputs in EU policies and through developmental means, including state-building and socio-economic development.

This evaluation was initiated in response to a request of the Dutch House of Representatives. It focuses on the development cooperation programme of the Netherlands in the PT in the period 2008 until mid-2014. The focus is mainly on the bilateral programme, but the multilateral and private channels are taken into account too. Special attention is given to the sectors of economic reconstruction, governance, human rights and humanitarian aid. In addition, as the Israeli occupation of the PT and the weak position of the PA are key factors influencing effectiveness, this evaluation also pays ample attention to the difficult political and institutional context in which the programme is being implemented.

Floris Blankenberg (IOB inspector) and Elise Landowski (IOB researcher) conducted the evaluation. A team of Ecorys carried out the field study in the PT. This team consisted of Alessandra Cancedda (team leader), Hanna Theodorie, Kirsty Wright, Anja Willemsen and Suzanne Tossings. Peter Laban, Sharry Lapp, Huda Odeh, Amer Madi, Rema Hammami and Ebel Smidt advised the IOB team on the history and political economy of the PT.

Geert Geut (IOB deputy director / chair), Margret Verwijk, Bas Limonard and Ferko Bodnár (IOB inspectors) provided internal quality support. Marita van Rijssen and Jochem Hemink (IOB desk editor) provided comments on language and editing. Christian Smid prepared the map of the PT.

An external reference group consisting of Anne de Jong (University of Amsterdam), Mariska van Beijnum (Clingendael Netherlands Institute of International Relations), Willem Beelaerts van Blokland (Former Representative of the Netherlands to the PA), Joost van Ettro (Northern Africa and Middle East Department of the Ministry of Foreign Affairs – DAM/MFA) and chaired by Geert Geut advised on the report.

Staff of the Netherlands Representative Office to the PA (NRO) in Ramallah, the Embassy of the Kingdom of the Netherlands in Tel Aviv and DAM/MFA gave useful inputs as well. This also applies to the many interviewees in the PT, Israel and the Netherlands. IOB would like to thank all of them for their valuable contributions.

Final responsibility for the report remains with IOB.

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## List of acronyms and abbreviations

AzJ	Access to Justice and Strengthening the Rule of Law
AdCom	Advisory Commission
AFESD	Arab Fund for Economic and Social Development
AGO	Attorney General's Office
AHLC	Ad Hoc Liaison Committee
AWG	Advocacy Working Group
BDS	Boycott, Disinvestment and Sanctions
B&S Europe	Business & Strategies Europe
BWI	Building and Wood Worker's International
CBI	Centre for the Promotion of Imports from Developing Countries (Centrum tot Bevordering van de Import uit ontwikkelingslanden)
CBO	Community-Based Organisation
CDSF	Community Development Stability Fund
CFS	Child-Friendly School
CfW	Cash for Work
CIDI	Centrum Informatie en Documentatie Israël
CIDSE	International Cooperation for Development and Solidarity (Coopération Internationale pour le Développement et la Solidarité)
COAP	Company of Organic Agriculture in Palestine
CSO	Civil Society Organisation
CSP	Civil Servants and Pensioners (programme)
CTP	Cash Transfer Programme
DAC	Development Assistance Committee (OECD)
DAM	Northern Africa and Middle East Department (MFA)
DFID	Department for International Development (UK)
DICE	Drama Improves Competencies in Education
DMM	Multilateral Organisations and Human Rights Department (MFA)
DRN	Development Researchers' Network
DSH	Stabilisation and Humanitarian Aid Department (MFA)
DSO	Social Development Department (MFA)
EA	Emergency Appeals
EC	European Commission
ECDPM	European Centre for Development Policy Management
ECHO	European Commission Humanitarian Aid and Civil Protection department
EDP	Enterprise Development Programme
EEAS	European External Action Service
EJPC	East Jerusalem Consortium Project
EMSRP	Emergency Municipal Services Rehabilitation Project
EMSRP II	Emergency Municipal Services Rehabilitation Project Phase 2
ENP	European Neighbourhood Policy
EPRD	EPRD Office for Economic Policy and Regional Development Ltd.
ERF	Emergency Response Fund

EU	European Union
EUPOL COPPS	European Union Co-ordinating Office for Palestinian Police Support
EUR	Euro
EUREP	(Office of the) European Union Representative
EWASH	Emergency Water and Sanitation-Hygiene Group
FAO	Food and Agriculture Organization of the United Nations
FHT	Family Health Team
FLOW	Funding Leadership and Opportunities for Women
FNV	Netherlands Trade Unions Confederation (Federatie Nederlandse Vakbeweging)
FSS	Food Security Sector
GBZ	Gaza Buffer Zone
GCT	General Consultancy & Training
GDP	Gross Domestic Product
GFD	General Food Distributions
GHDG	Good Humanitarian Donorship Group
HCT	Humanitarian Country Team
HGIS	Homogeneous Budget for International Cooperation
HTF	Humanitarian Task Force
HVC	High Value Crops
IAEA	International Atomic Energy Agency
ICARDA	International Center for Agricultural Research in the Dry Areas
ICCO	Interchurch organization for development cooperation
ICHR	Palestinian Independent Commission for Human Rights
ICT	Information and Communication Technology
IDB	Islamic Development Bank
IFAD	International Fund for Agricultural Development
IKV	Interchurch Peace Council
IMF	International Monetary Fund
INGO	International NGO
IOB	Policy and Operations Evaluation Department (Inspectie Ontwikkelingssamenwerking en Beleidsevaluatie)
IPE	Initiative for the Palestinian Economy
IPSAS	International Public Sector Accountancy Standards
JAP	Joint Action Plan
KiA	Kerk in Actie (Church in Action)
KLO	Kav LaOved – Worker’s Hotline
LACS	Local Aid Coordination Secretariat
LED	Local Economic Development services
LGCP	Local Government Capacity building Programme
LWRM	Land & Water Resource Management
MAP	Municipal Alliance for Peace in the Middle East
MASP	Multi-Annual Strategic Plan
MDF	Management for Development Foundation
MDG	Millennium Development Goal
MDLF	Municipal Development & Lending Fund

MESYEP	Monitoring & Evaluation Solutions for Youth Entrepreneurship Programme
MFA	Ministry of Foreign Affairs of the Netherlands
MFS	Co-financing system (medefinancieringsstelsel)
MIC	Municipal International Cooperation
MoA	Ministry of Agriculture (PA)
MoE	Ministry of Education (PA)
MoEnA	Ministry of Environmental Affairs (PA)
MoF	Ministry of Finance (PA)
MoH	Ministry of Health (PA)
MoJ	Ministry of Justice (PA)
MoLG	Ministry of Local Government (PA)
MoSA	Ministry of Social Affairs (PA)
NDC	NGO Development Committee
NDP	National Development Plan
NGO	Non-governmental organisation
NHRI	National Human Rights Institutions
NRO	Netherlands Representative Office to the PA
OAI	Office of Audit and Investment
ODA	Official Development Assistance (OECD/DAC)
OECD	Organisation for Economic Co-operation and Development
OFID	OPEC Fund for International Development
OPEC	Organisation for the Petroleum Exporting Countries
OQR	Office of the Quartet Representative
ORIO	Facility for Infrastructure Development (Ontwikkelingsrelevante Infrastructuurontwikkeling)
PA	Palestinian Authority
PARC	Palestinian Agricultural Relief Committees
PBA	Palestinian Bar Association
PCBS	Palestinian Central Bureau of Statistics
PCC	Palestinian Counseling Center
PCP	Palestinian Civil Police
PEGASE	Mechanism of the Palestinian-European Socio-economic Aid Policy (Mécanisme Palestino-Européen de Gestion de l'Aide Socio-Economique)
PEGASE DFS	PEGASE Direct Financial Support
PFM	Public Finance Management
PGFTU	Palestinian General Federation of Trade Unions
PHROC	Palestinian Human Rights Organisations Council
PLC	Palestinian Legislative Council
PLO	Palestine Liberation Organization
PNA	Palestinian National Authority
PNC	Palestinian National Council
PNDP	Palestinian National Development Plan
PP	Fund for Political Parties
PRDP	Palestinian Reform and Development Plan
PSD	Private Sector Development

PSI	Private Sector Investment programme
PT	Palestinian Territories
PvdA	Labour Party (Partij van de Arbeid, the Netherlands)
PVV	Party for Freedom (Partij voor de Vrijheid, the Netherlands)
PwC	PricewaterhouseCoopers
RVO	Netherlands Enterprise Agency (Rijksdienst voor Ondernemend Nederland, RvO.nl)
SDI	Sustainable Development Institute
SME	Small and medium enterprises
SOP	Standard operational procedures
SRHR	Sexual and Reproductive Health and Rights
SSF	Single Support Framework
TDP	Theatre Day Productions
ToC	Theory of Change
ToR	Terms of Reference
UAWC	Union of Agricultural Work Committees
UCP	United Civilians for Peace
UEC	United Entrepreneurship Coalition
UK	United Kingdom
UN	United Nations
UNCTAD	UN Conference on Trade and Development
UNDAF	UN Development Assistance Framework
UNDP	UN Development Programme
UNDP/PAPP	UNDP Programme of Assistance to the Palestinian People
UNFPA	UN Population Fund
UNICEF	UN Children's Fund
UNOCHA	UN Office for the Coordination of Humanitarian Affairs
UNOHCHR	UN Office of the High Commissioner for Human Rights
UNOPS	UN Office for Project Services
UNTA	UN regular programme for technical assistance (Transitional Authority)
UNRWA	UN Relief and Works Agency for Palestine Refugees in the Near East
USA	United States of America
USD	United States dollar
UXO	Unexploded Ordnance
VAT	Value Added Tax
VMP	Trade Union Co-financing Programme
VNG-I	Association of Netherlands Municipalities (International branch) (Vereniging Nederlandse Gemeenten International)
VVD	People's Party for Freedom and Democracy (Volkspartij voor Vrijheid en Democratie, the Netherlands)
WAFAC	Women and Family Affairs Centre
WASH	Water, Sanitation and Hygiene
WCLAC	Women's Centre for Legal Aid and Counselling
WFP	World Food Programme (United Nations)
WHO	World Health Organization (United Nations)

## List of acronyms and abbreviations

WSC	Women's Studies Centre
YEP	Youth Engagement Programme
YMCA	Young Men's Christian Association
YWCA	Young Women's Christian Association



## Map of the Palestinian Territories



**Disclaimer:**

While making this map, as much as possible information of the Geospatial Information Section of the United Nations was used. The borders, names and signals on this map by no means imply their formal acceptance or recognition by the Kingdom of the Netherlands.

# Introduction, main findings and recommendations

## Introduction

Since the establishment of the PA in May 1994, the Netherlands has given development aid to the PT as part of its contribution to the broader Middle East Peace Process. The Netherlands has always maintained good relationships with both Israel and the PA. The PT are among the larger recipients of Dutch development aid. The aim of this evaluation is to assess Dutch development cooperation in the PT between 2008 and mid-2014. This is the second IOB country evaluation of Dutch efforts in the PT. The first one was carried out in 1999.

The ultimate goal of Dutch development efforts in the PT was to contribute to the establishment of two states, Israel and an independent and democratic Palestine, living side by side in peace, security and mutual recognition through a negotiated peace settlement. Considered as highly ambitious, this ultimate goal can be seen as a spot on the horizon. The intermediate goals that would contribute to this two-state solution, were the development of a functioning Palestinian state and a viable Palestinian economy. Stronger Palestinian institutions and economic performance would not only increase the chances of a peace agreement, they would also be of vital importance for the viability of the new State of Palestine, once established. Political stability, security and good relations with both Israel and the PA would also contribute to the achievement of the ultimate goal.

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In this evaluation, the two-state solution as supported by the Netherlands is the point of departure, although there are other possible political solutions too. This evaluation did not consider such alternative solutions; it is primarily about development cooperation and focuses on the Dutch contribution to achieving the intermediate goals. Diplomatic efforts and political dialogue with the PA and Israel are addressed in case of a direct link with development cooperation.

Dutch development cooperation with the PT is inextricably intertwined with the complex political context. The Israeli occupation of the PT and its consequences significantly undermine the effectiveness of development cooperation.

The central evaluation question is:

*To what extent has the Dutch development cooperation programme in the PT been relevant, effective, coherent and sustainable in terms of contributions to the development of a functioning Palestinian state and a viable Palestinian economy?*

The evaluation focuses primarily on the bilateral programme in the thematic areas of economic reconstruction, governance (security, justice and municipal development), human rights and humanitarian aid. Bilateral aid was mainly channelled through multilateral organisations, non-governmental organisations (NGOs) and PA institutions. In addition, attention is given to Dutch support directly through multilateral and private channels. Overall, Dutch contributions to the reinforcement of Palestinian institutions focused on security, justice and human rights and on strengthening municipalities and trade unions. The PA received funds to pay salaries of civil servants and allowances of pensioners in the justice and security sector. Economic development was supported in the agricultural, water and private business sectors. Humanitarian aid was provided to refugees through the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). Unearmarked voluntary contributions were made to multilateral organisations such as the European Union (EU) and the United Nations (UN), and were partly spent in the PT. Most of the funds channelled through the private channel were spent by Dutch co-financing organisations rather than by business enterprises. The evaluation pays attention to the correct use and spending of programme funds and fiduciary mechanisms. In total, the Netherlands spent approximately EUR 415 million in the PT between 2008 and mid-2014.

| 18 | The evaluation used three research methods: extensive desk research, interviews and field visits in the PT. A context study was conducted to adequately position the programme of the Netherlands in the wider socio-economic and political context of the Israeli-Palestinian conflict.

From the perspective of the Israeli occupation, Dutch development efforts seem to be trapped in a vicious cycle of political conflict, instability and aid dependency. The conflict between Israel and the Palestinians leads to political instability and deteriorating conditions for the Palestinians.<sup>1</sup> This reinforces the need for an extensive Dutch development programme in the PT, which is in turn severely impeded by binding constraints resulting from the Israeli occupation. Simultaneously, in the ongoing absence of a successful political breakthrough, continued support increases the Palestinians' already high dependency on foreign development assistance. However, decreasing support could lead to further regional political instability. The unintended effect of continued support is maintenance of a strategic status quo. Reversing this vicious cycle is beyond the control of the Netherlands. It requires parallel political action by the PA, Israel and the international community, notably the United States of America (USA), the EU and the Arab countries.

In the period under review, the EU has to some extent used its influence to address the Israeli occupation, one of the two main binding constraints. However, there was a lack of consensus among the EU member states regarding the most effective way to persuade Israel to relax the measures imposed on the PT. As an EU member, the Netherlands advocated a dialogue with Israel through the EU that on the one hand would point to Israel's responsibilities and on the other hand would take Israeli security concerns into account.

<sup>1</sup> [www.unctad.org](http://www.unctad.org); [www.worldbank.org](http://www.worldbank.org); [www.reuters.com](http://www.reuters.com); [www.paltrade.org](http://www.paltrade.org).

The other main binding constraint is the weak position of the PA. The EU did not optimally use its leverage as provider of extensive direct financial support through the Mechanism of the Palestinian-European Socio-economic Aid Policy Direct Financial Support (PEGASE DFS) to accomplish reforms in the institutions of the PA. The Netherlands took the view that the EU should use its leverage better by linking the support to the PA through PEGASE to progress in reforms in the public sector.

## Main findings

### *1) The Israeli occupation of the PT and the weak position of the PA were the two main binding constraints for the effectiveness of the Dutch programme in the PT.*

The occupation of the West Bank, including East Jerusalem, and Gaza in 1967, resulted in Israeli military control, fragmentation of Palestinian land, human rights violations, restrictions of movement, access and economic opportunities, Israeli settlement policy and control over resources. Peace negotiations between the two parties that started in the early 1990s resulted in intentions to end the conflict and in Israeli withdrawal from several Palestinian areas in a limited timeframe. However, the peace process stagnated and the occupation and its effects continued to be felt. In the years that followed, the envisaged gradual transfer of land to the control of the PA did not materialise, while the Israeli government allowed large numbers of Israelis to settle in the West Bank, thus reducing the amount of land actually available for the growing Palestinian population. The situation was characterised by mutual violence and socio-economic deterioration. Negative effects of these developments on Dutch development cooperation were demolition and stagnation of agricultural and water projects, thwarting of export plans, a lack of long term investments by the private sector in agriculture, prolonged need to support refugees and lack of progress in the human rights sector.

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The PA's legitimacy eroded over the years, as there have been neither presidential nor parliamentary elections since 2006. The PA also lost credibility due to inadequate service delivery and economic development initiatives and because there was insufficient progress in security reform, in the peace process and in reducing dependency on foreign funding. Palestinian institutions are generally weak and fragmented. They lack capacity and have little control over Palestinian extremists that commit (suicide) attacks on Israelis, although the PA security forces have prevented many of such attacks. The PA lacks financial resources due to the withholding of tax revenues by Israel and the impossibility to develop its economy, most notably in Area C. Palestinian institutions are characterised by rivalry and patronage. Although in 2011 the World Bank, the International Monetary Fund (IMF) and the UN concluded that the PA was well positioned for the establishment of an independent state, referring to progress made in health, education, public finance management (PFM) and the fight against corruption, the progress in development of the institutions has gradually stagnated since 2013.<sup>2</sup> The need for further reform therefore remains.

<sup>2</sup> The PT faced a fiscal crisis accompanied by declining economic growth after 2013. Already in 2011, the World Bank had suggested that such a crisis could possibly undermine progress in institution building. It seems that the World Bank was right in its analysis. World Bank, 2011, p. 5.

The weakness of the PA had negative impact on programmes supported by the Netherlands aimed at institutional strengthening of the security forces and the three main judicial institutions. Continued violations by the PA prevented improvement of the human rights situation. The lack of progress in the peace process compelled the Netherlands to continue its support of relief and rehabilitation programmes.

As a result of the split between Fatah and Hamas, the PA has no control over Gaza. Parallel institutions developed in the different territories. The international isolation of Gaza resulted in economic decline and the danger of radicalisation of Gaza's population. Israel isolated Gaza in response to Hamas' taking over. Hamas is designated a terrorist organisation by the EU and the USA as well as Israel. In 2014 a technocratic government was formed with the consent of Fatah and Hamas, but real reconciliation between the two parties has not succeeded so far. This hampered Dutch efforts to strengthen Palestinian institutions and to improve the economic situation in Gaza.

While designing its policy and programme for the PT, the Netherlands has taken above-mentioned constraints into account. The Netherlands does not only focus on development cooperation. It complements its engagement through political dialogue with both Israel and the PA and through inputs in EU policies. Israeli-Palestinian issues are also discussed in diplomatic contacts with the USA.

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*2) Dutch policy for the PT has been ambitious, yet realistic. Given the complex and restrictive political context, the Netherlands made deliberate and strategic choices. The development efforts have a significant intrinsic value for poor people, refugees and victims of human rights violations. The Dutch policy design for the PT can be characterised as smart.*

The ultimate goal of a two-state solution and peace between Israel and a future Palestinian State is to be considered as an ambitious one. The Netherlands approached this ultimate goal realistically and decomposed it into manageable intermediate goals. It kept a good balance between an ambitious ultimate goal and realistic intermediary and programmatic goals. A functioning state, a viable economy and political stability, complemented with political dialogue, are considered preconditions for a two-state solution. They are of vital importance in anticipation of the day peace and Palestinian independence are realised. For the success of such a new state, once established, it is crucial that stable government, private sector and civil society institutions are in place. Institutional and economic development should also contribute to actual improvement of the political and socio-economic position of many Palestinians.

The Netherlands was aware of the complex context and the many political and economic interests beyond its control. Given the limitations described, it made strategically sound and relevant choices. The policy has been multi-faceted with a deliberate focus on a limited number of key sectors. Moreover, the Dutch approach focused on more concrete goals. In the area of economic reconstruction, governance, human rights and humanitarian aid, the Netherlands was able to obtain some results, although on a limited scale. In addition, political dialogue at a very practical level contributed to immediate improvement of situations, e.g. concerning permits, export restrictions, settler's violations, demolition of

Palestinian property and return of equipment. The Netherlands contributed to the political dialogue at a higher strategic level mainly through the EU. Overall, the policy design can be characterised as smart.

Dutch policy has been consistent over the years, with few major changes. It maintained a good balance between its own added value and cooperation with international actors through donor consortia, pooled funding and utilisation of different funding channels. Many Dutch funded programmes were implemented by organisations such as UNRWA, the EU and a variety of NGOs. The arguments for cooperation with multilateral and private agencies were not always explicitly mentioned in Multi Annual Strategic Plans (MASPs) for the PT. Other sources, however, referred to effectiveness and efficiency considerations in the case of cooperation with multilateral partners and to affinity of Dutch private organisations with Palestinian civil society and topics that are important in the Palestinian context.

Characteristic for the approach was the combination of development cooperation, economic diplomacy and political dialogue with Israel and the PA, sometimes concerning very practical issues and sometimes more strategic ones, bilaterally or at the international level. The good relations of the Netherlands with both parties enabled the continuation of the dialogue. Violence from both Israeli and Palestinian side has always been condemned, but this did not affect the relationships.

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Political stability is often considered the actual goal of Dutch engagement in the PT and development cooperation as a mere means. However, this is an underestimation of the intrinsic humanitarian value of development cooperation for poor people, refugees and victims of human rights violations. The achievements in the respective sectors, such as provision of food and income and better access to justice, have contributed to an improvement of the situation of many Palestinians.

3) *The Netherlands contributed to laying a foundation for a Palestinian state. It did not contribute substantially to developing a viable Palestinian economy. Dutch interventions helped to prevent permanent and severe political instability during the period under review, although there have been serious uprisings, acts of violence and military confrontations too.*

Important Palestinian institutions developed: a to some extent functional and accountable justice and security system, including the presence of watchdogs such as an independent human rights institution. An active civil society developed as well. The institutions materialised thanks to the continued support that was partly provided and coordinated by the Netherlands. Capacity-building and awareness-raising efforts may prove sustainable since in some cases they contributed to a change of behaviour and an increased alertness of civilians. In both the humanitarian aid sector and the agricultural sector preparations were made to transfer responsibilities from aid agencies to the PA. Although support to poor and vulnerable refugees, civil servants and pensioners is justified, these groups remain strongly dependent on foreign funding, whereas care for the poor and the civil servants is basically a public responsibility. The justice and security system is not functioning perfectly yet, as it operates in a challenging institutional and political context and service delivery is still imperfect. Respect for human rights in both Israeli and Palestinian officials hardly

improved. Israel has considerable influence on the Palestinian legal system and the integrity of security and justice institutions of the PA is challenged by the Palestinian public. The malfunctioning of democratic Palestinian institutions negatively affects governance and accountability. The presence of parallel justice institutions in the West Bank and Gaza complicated their operations.

The Netherlands was less successful in contributing to building a viable Palestinian economy. As long as conditions such as unrestricted export, movement and access, fair prices for export products, geographical contiguity, control over land and resources and security are not met, there will be no substantial long-term investments and the goal of a viable economy will remain far away. Higher production for the local market is a suitable alternative for export, provided it is complemented by employment generation and lowering of food prices to make the food accessible to poor and vulnerable people.

There were some positive developments in the economic sector, though. Skills were developed and systems were built. There is an improved awareness of the importance of quality standards for agricultural products as a precondition for more export and local consumption. Dutch NGO SPARK contributed to more attention for an enabling environment and business development in the small and medium enterprises (SME) sector. Some employment was created in the agricultural, humanitarian and SME sectors and the purchasing power of civil servants was guaranteed. This helped to prevent further deterioration and to realise a slight improvement of the socio-economic situation and to create some preconditions for the development of a viable economic sector. As such, Dutch interventions represented an honest effort to contribute to the intermediate goal.

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As to the intermediate goal of political stability, Dutch development cooperation together with other donor interventions contributed to prevent permanent and severe instability, despite the periodic uprisings in Gaza, Israeli military attacks on Gaza, settlement expansion on the West Bank and signals of radicalisation and protests and (suicide) bomb attacks by Palestinian extremists on the West Bank. The Netherlands supported UNRWA in saving refugees from deprivation and hardship. It also provided earmarked budget support to partly pay the wage bill of the PA, and funded a number of land reclamation and infrastructural interventions. Dutch aid thus enabled the PA to carry out its duties and helped to keep the Palestinian people on their land. The Netherlands made relevant choices but this did not remove the threats to stability from the continued Israeli settlement expansion on Palestinian territory, mutual outbursts of violence, the persistent Gaza - West Bank split and the worrisome socio-economic situation. Political instability always lies in wait.

4) *Many results were obtained at output and outcome level, but at a strategic level the achievements were more limited. The difficult and uncertain circumstances and the dependence on foreign funds threaten the sustainability of the development efforts, although capacity and awareness building activities may have lasting effects*

In all evaluated sectors many activities were carried out according to plan and good results were obtained. However, in the economic sector poor people outside the agricultural sector did not benefit to the same extent as farmers and attempts to enhance the export of agricultural

products had only limited success in the period under review. The donation of a container scanner by the Netherlands created better export conditions at the Israel-Gaza border, but actual export was often obstructed by restrictions imposed by Israel. The achievement of strategic goals was less successful and depended to a large extent on the political and institutional context. The Netherlands was aware of this context, but believes that its development efforts contribute to improvements in that context. In addition, political dialogue with Israel was held to that end.

The effects of the occupation, the weak PA and the role of Hamas in Gaza threatened the sustainability of the implemented programmes. They did not only limit the readiness to make long-term investments, at times they actually led to demolition of achievements, especially in the agricultural sector. Given the strong dependency on foreign funding, the achievements may also not be sustainable if donors withdraw and no alternatives are at hand. In that case there is a real danger of impoverishment and instability. There are also a few more positive prospects for sustainability. Capacity development and awareness building programmes are likely to have lasting effects as they contributed to behavioural change (e.g. in good agricultural practices) and more alertness of civilians (e.g. in the human rights sector). The cooperation with the PA in the humanitarian and agricultural sectors may contribute to future transfer of responsibilities to the PA. In several programmes there was committed staff and ownership among beneficiaries. All in all, working under difficult circumstances has its price; there is no guarantee for sustainability. Risks regarding sustainability were accepted by the Netherlands because otherwise no programme would have been possible. This approach is therefore to be justified.

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*5) The programme of the Netherlands was mostly relevant from the perspective of the Palestinian population, the PA, the EU and the general and thematic Dutch development policy. The Netherlands played a prominent role in strengthening coherence and coordination of efforts of the international donor community in the justice and security sectors.*

The interventions supported by the Netherlands contributed to the satisfaction of many urgent needs of the Palestinian people in all sectors. Yet, in agriculture increasing food production was less relevant for the poor, since they lack sufficient purchasing power to buy food; not food availability but food accessibility matters to them. There was good alignment with Palestinian National Development Plans (PNDP) although some projects were not entirely relevant strategically. Despite this, however, they were supported because they met specific demands of the PA, especially on infrastructural facilities. The Netherlands also contributed to compliance with the European Neighbourhood Policy (ENP) principles of stability, good governance, security and well-being. The relevance for the application of Dutch general and thematic development policy was high; in some cases it even looked as if a policy had been developed with the situation in the PT in mind. Policy shifts that occurred over the years were reflected in policies for the PT too. The activities were also relevant for the achievement of the intermediate goals of a functioning state, a viable economy and political stability, although humanitarian aid and earmarked budget support confirm the status quo and reduce the urgency to find structural solutions. However, in the current situation there is no alternative; leaving thousands of refugees, civil servants and pensioners without income is no option. The choice to channel a large share of the aid

through multilateral organisations was relevant from the perspective of effectiveness and efficiency. The private channel was used because of its critical role towards the PA and because of its thematic expertise. Using the bilateral channel helped to develop and maintain direct relations with implementing organisations and to influence their policies.

Many donors are active in the PT; they support programmes in a variety of sectors through a large number of implementing organisations. The danger of duplication of efforts and inefficiency is real. Therefore, donor coordination in cooperation with implementing organisations, including PA institutions, is vital. Within the donor community, the Netherlands played an active role aimed at coordination and coherence. This was particularly the case in the justice and agricultural sectors. Dutch efforts were appreciated by donors and the PA alike. There was no intensive participation of the Netherlands in donor activity related to humanitarian support. Dutch NGOs and the NRO periodically met to exchange information and to strengthen coherence; in some cases they supported the same organisations.

6) *The programmes of the multilateral organisations were largely effective at operational level, but they only marginally contributed to higher level goals. The private sector, which is supported by the Netherlands, mostly through Dutch NGOs, represents a considerable force in the PT.*

A large share of Dutch support to the PT was channelled through multilateral organisations, both via bilateral aid and via non-earmarked contributions. Between 2008 and 2014, a total of approximately EUR 165 million was channelled to the PT through the UN and the EU. The Netherlands ranks as the seventh largest donor through the multilateral channel. All interventions were strongly aligned with the Palestinian development priorities and with Dutch policy, and responded to the critical needs of the Palestinian people. In various instances, Dutch efforts to indirectly influence the policy were relatively successful. Through an active and vocal attitude, the Netherlands generally established close relationships and coordination with country offices in the PT, while this was less the case with UNRWA. At operational level, the multilateral organisations were largely effective in achieving results in the areas of governance, economic empowerment, health, food security and humanitarian aid. However, their contributions to higher level goals were only marginal and unsustainable due to the binding constraints, with the exception of capacity building elements.

The private sector represents a considerable force in the PT, receiving large amounts of foreign aid. Dutch NGOs and other private sector actors spent approximately EUR 45 million. The largest share of the Dutch support to Palestinian NGOs was channelled through Dutch co-financing agencies. Some Dutch NGOs cooperated with both Israeli and Palestinian NGOs in the context of peacebuilding. Palestinian NGOs sometimes cooperated with the PA, but they also increasingly held the PA and Hamas accountable for their conduct. The work of NGOs is mostly appreciated in the PT and abroad and in some cases is it controversial. Contributing to building a stronger civil society that is able to lobby for peace in the PT, Israel and at national and international level was the main strength of Dutch support. Dutch NGOs and their partners reported many results of effective interventions at output and outcome level and most of these results refer to the creation of necessary preconditions for concrete improvements. However, they report very little on the actual impact of such initiatives at a higher strategic level.

- 7) *The EU's efforts have been largely effective in strengthening PA institutions and in providing public services. However, the EU has not optimally used its leverage as a large donor in its dialogue with the PA to address the binding constraints that significantly hamper the effectiveness of the development efforts. The EU only to some extent used its political influence on Israel to change its occupation and settlement policies.*

The EU is widely considered to be the most reliable partner and the largest contributor to the Palestinian people and the PA. EU interventions contributed to sustaining Palestinian welfare and to strengthening weak PA institutions aimed at enabling the PA to assume its responsibilities of statehood in the event of a settlement of the disputes with Israel. However, as a large donor the EU has not optimally used its leverage to urge the PA to make more progress in the field of policy reform in the period under review. There was a disconnection between the EU declaratory policies and the practice needed to achieve them. The large-scale funding from PEGASE DFS in particular was not adequately accompanied by sufficient leverage with the PA to boost the policy reforms. In 2015, the EU and the PA agreed on a results-oriented framework for PEGASE to monitor progress in the reform programme of the PA. Thus, progress has been made more visible and a dialogue on the basis of the indicators was initiated between the EU and the PA.

The EU has often criticised Israel for its occupation and settlement policies. However, due to regional, geopolitical, economic and domestic considerations it has been cautious to use its influence as political world power to put much political pressure on the Israeli government. There was also a lack of consensus among the EU member states on how to confront Israel. Some members were more in favour of public condemnation; others (such as the Netherlands) preferred a more balanced approach by pointing to Israel's responsibilities as well as by taking Israeli security concerns into account.

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Moreover, the absence of an adequate monitoring and evaluation framework hindered the necessary strategic, systematic and sustained results-based dialogue with both the PA and Israel. This prevented the EU from addressing the binding constraints through adopting a coherent parallel political response. Meanwhile, given the absence of a democratic process, the EU facilitates a governance system in which the Palestinians have no possibility to hold the PA accountable through elections for resource allocation and management. Civil society and media can only to a certain extent fill this vacuum.

- 8) *No major irregularities were reported in the spending of donor funds. Corruption in the form of bribery, embezzlement and illicit gain is relatively low in the PT. Patronage and favouritism (wasta), however, are widespread.*

Financial support to the PT is subjected to strict control. In all supported programmes and projects much attention was paid to the correct spending of funds. Strict internal and external financial controls and audits were standard practice and many risk management mechanisms were in place. In case of actual misconduct or reports of alleged wrongdoing, adequate disciplinary measures and other immediate actions were taken in response to fraud and corruption. These included the improvement of control systems, prosecution or the ending of funding relationships. All organisations made significant progress in implementing the formulated recommendations, but often at a relatively slow pace.

The Netherlands chose implementing partners that were reliable in terms of capacity to set up sound financial practices, including strong risk mitigating measures. Multilateral organisations such as UN organisations and the EU adopted clear and strict zero tolerance policies regarding fraud and corruption. Dutch funding NGOs have their own audit and control systems. Often, renowned external audit firms such as Ernst and Young, KPMG, Deloitte and PricewaterhouseCoopers (PwC) performed the audits. Preventive measures and risk management mechanisms were built into the design of many programmes and considered in appraisals by the NRO, the budget holders within the MFA in The Hague and the Dutch funding NGOs. Some observers even argue that these extensive financial control measures hamper the implementation of programmes and projects. Corruption within the PA is relatively low, which may have been an effect of the many control measures. However, patronage and favouritism are common in the PT. In the complex and fragile context of the PT, 'residual risks' of misuse of funds remain.

## Recommendations

### Strategic issues

#### 1) *Continue the critical dialogue with Israel*

Good relations with Israel need to be prolonged because they are crucial for the achievement of concrete results. At the same time a critical dialogue is required in which sensitive subjects such as resumption of the peace negotiations, respect for the Palestinian law, human rights violations, the settlements issue, lifting of movement and access restrictions, relaxing the trade regime and more control of Palestinians over resources continue to be addressed. The dialogue should focus on improvement of the conditions that currently undermine the effectiveness of Dutch support to the PT. The Israeli government is sometimes sensitive to pressure, especially when it is brought to bear by friendly nations such as the Netherlands.

#### 2) *The PA should take its responsibility*

Together with other donors the Netherlands could make better use of its leverage as an important funder to intensify the dialogue with the PA on the need to take more responsibility. The dialogue should be based on sound agreements between the PA and the donors on results to be achieved. Prior to this, donors jointly have to agree on such results. Areas for improvement are: the development of the state and the economy, its legitimacy among the Palestinian population and its credibility with the donors. Integration of parallel structures of international aid agencies with Palestinian state structures should be continued and intensified.

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#### 3) *The EU should use its leverage with Israel more*

Good relations with the EU are strategically important for Israel. The EU should use its leverage more with Israel to address the binding constraints that have a negative impact on the effectiveness of the development efforts. The Netherlands should use its influence in the EU as much as possible to promote this and should contribute to the development of a joint EU stance on this issue.

#### 4) *The Netherlands should stimulate reconciliation between Fatah and Hamas*

The conflict between Fatah and Hamas and between Hamas and almost all actors of the international community has severe consequences for the Gaza population, the possibilities to reach sustainable development results, the security situation and the stability in the PT. Reconciliation between the two parties would also be in the interest of the international community, including the Netherlands itself. Therefore the Netherlands should play a stimulating and facilitating role in that process provided Hamas recognises Israel, renounces violence and disarms.

5) *Encourage and advise Palestinian security forces about proper communication regarding the importance of security cooperation with Israel*

Despite popular dissatisfaction with security cooperation between Israel and the PT, the Palestinian political leadership and the top of the security forces greatly value such cooperation. The Netherlands could help them to communicate better with the Palestinian population about the importance of security cooperation for the stability on the West Bank and about the fact that preventing attacks on Israel is a critical condition for the two-state solution. The Netherlands already supports research into public perception of the security forces and shares the results with them.

6) *Support civil society to play a more prominent role*

Palestinian Civil Society Organisations (CSOs) sometimes criticise the PA, Hamas and Israel. This makes them vulnerable to violations of human rights by the authorities. However, their role as critical observers and campaigners is important for keeping the authorities to account. They therefore deserve more support of donors including the Netherlands even if they hold deviating opinions, provided they endorse non-violence and refrain from anti-Semitic expressions. Apart from financial contributions, such support could involve protection and advocating more space for their operations.

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7) *Reduce financial dependency of the PA*

The PA currently strongly depends on foreign financial support to be able to meet its obligations. However, foreign funding is uncertain and insufficient to meet the growing demand for service delivery (e.g. in the case of UNRWA). This threatens the sustainability of the development efforts. Therefore the PA needs to identify alternative sources of income. Although donors such as the EU, DFID and the World Bank are already engaged in reducing financial dependency through Public Finance Management support, more could be done. The Netherlands could stimulate donors to advise and support the PA better in this respect.

8) *Continue support for Palestinian refugees*

The financial situation of UNRWA is precarious. The number of Palestinian refugees is growing, not only in the PT, but also in Syria, Jordan and Lebanon, whereas foreign funding is insufficient to satisfy the growing needs. Many refugees are almost completely dependent on UNRWA support. In case they are unable to satisfy their basic needs, the risk of political instability, violence and growing sympathy for radical groups increases. This also applies to the refugees in both Gaza and the West Bank (and in the neighbouring countries). UNRWA's donors should jointly consider strategies to mitigate that risk.

## Operational issues

1) *Improve access to food*

Improving food security is not only a matter of increasing the food production but also of improving the access to food. To this end, other interventions may be relevant as well, such as employment creation for poor and vulnerable people so as to generate income to purchase food, lobbying for lower consumer prices and inclusive policies. The Netherlands could support such interventions.

2) *Identify partners ready to pay fair prices for export products*

The prices paid for agricultural products that were actually exported were too low to be profitable. This calls for a different marketing strategy with other partners that are willing to pay fair prices, for example new Israeli, American and European trade partners. Dutch companies could also play a role in this, as import partners and as advisers. The NRO could facilitate the cooperation between Palestinian exporters and Dutch companies.

3) *Balance short-term fiduciary risks against long-term development goals*

Misuse of donor money should never be tolerated. Therefore, donors need to have strong fiduciary mechanisms in place to reduce risks of misuse of development funds as much as possible. However, rather than solely focusing on risk reduction, risk management is also about taking well-considered fiduciary risks that serve the achievement of long-term development goals. Development aid risks must be appreciated against this background. Donors, including the Netherlands, have to accept that the complex and fragile context in the PT inevitably involves an increased exposure to corruption. Even despite all serious efforts to mitigate and counter fiduciary risks and corruption, 'residual risks' will always remain. Too extensive efforts to reduce fiduciary risks could unintentionally reduce the efficiency and effectiveness of development aid. Such residual risks therefore have to be accepted by donors; otherwise no programmes are possible at all.

4) *Stimulate better results-based management and evaluation practices*

Implementing Palestinian and international organisations need to introduce better results-based management systems to enable them to carry out more robust effect evaluations. In evaluations of Palestinian and Dutch NGOs and of multilateral organisations, more attention should be given to the achievement of strategic goals. Currently, many reports provide mainly information on inputs, outputs and to some extent on outcomes. Strengthening result-based management is an important issue for the dialogue between the Netherlands and its partners. Although in some cases, e.g. with partner organisation AMAN, such dialogue is already taking place. However, it takes time to achieve results.



1

# Introduction

## 1.1 Background

Since 1994, the year the PA was established, the Government of the Netherlands has been giving development aid to the PT as part of the broader Middle East Peace Process. The Netherlands maintains good relationships with both Israel and the PA, which creates the conditions to contribute to the peace process as well as to the development of the Palestinian state and economy. The PT are among the larger recipients of Dutch development aid. This justifies a comprehensive evaluation of the programme after the first one that was carried out by IOB in 1999.<sup>3</sup>

Minister Ploumen of Foreign Trade and Development Cooperation informed the House of Representatives in July 2014 that an evaluation of Dutch development policy concerning the PT would be included in the IOB evaluation planning for 2015.<sup>4</sup> This evaluation was initiated in response to the request of the Party for Freedom (PVV) in the House of Representatives on 11 November 2013.<sup>5</sup> This party proposed having Dutch development aid to the PT evaluated separately, as these territories were not included in the IOB review of the Dutch policy concerning fragile states.<sup>6</sup> It linked this proposal to ‘recent reports concerning the disappearance of EUR 2 billion of EU development funds and about salaries for terrorists’.<sup>7</sup>

## 1.2 Scope and limitations

This evaluation focuses primarily on development cooperation and its contribution to the development of a functioning Palestinian state, a viable Palestinian economy and political stability. Political dialogue is addressed in case of a direct relation with development cooperation. The complex political and socio-economic context is discussed, as this influences the possibilities to achieve the programme goals. Dutch policy development for the PT is reviewed in order to assess the relevance of the programme in the context of broader policy goals of the Netherlands as well as with the development goals of the PA and the EU.

The evaluation does not address the programme’s ultimate goal, i.e. the contribution to the two-state solution and peace between Israel and the PT, because that goal is beyond the scope of the Dutch development cooperation. The evaluation does pay attention to possible irregularities in expenditures of programme funds and fiduciary mechanisms, but it does not involve a financial audit. In the evaluation attention is given to bilateral development cooperation, support through multilateral organisations and Dutch NGOs. However, the focus is on the bilateral programme; to this end a field study in the PT was carried out,

<sup>3</sup> Policy and Operations Evaluation Department, 1999.

<sup>4</sup> Ministry of Foreign Affairs, 2014a.

<sup>5</sup> House of Representatives, 2014.

<sup>6</sup> Policy and Operations Evaluation Department, 2013.

<sup>7</sup> House of Representatives, 2013 and Ministry of Foreign Affairs, 2014b. The request referred to an unpublished report of the European Court of Auditors (2013). The Minister of Foreign Affairs replied that the report of the European Court of Auditors did not conclude at all that EUR 2 billion had disappeared.

whereas the evaluation of multilateral and private aid was based on documentation and interviews.

### 1.3 Goals of the evaluation

- To account for the expenditures of the MFA contributing to the development of a functioning Palestinian state and a viable Palestinian economy;
- To gain insight into factors that influenced the relevance, effectiveness, coherence and sustainability of the development cooperation programme;
- To learn from the experiences concerning the influence of the political context, policy-making processes and patterns of cooperation of the programme.

### 1.4 Central evaluation question

- To what extent has the development cooperation programme in the PT in the period 2008 - mid-2014 been relevant, effective, coherent and sustainable in terms of contributions to the development of a functioning Palestinian state and a viable Palestinian economy?<sup>8</sup>

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### 1.5 Indicators for a functioning state and a viable economy

For this evaluation IOB selected a number of indicators for a functioning state and a viable economy. They refer to the areas of work the Netherlands is engaged in in the PT.

A functioning state has:

- Capable, accountable and responsive justice and security services
  - Security and justice institutions capable of delivering criminal justice services
  - Cooperation within and between security and justice sector actors
  - Equal access to and delivery of justice and security for vulnerable groups including women
- Capable and responsive government
  - Civic participation to hold public actors within justice and security sector accountable
  - Criminal justice and security establishment accountable to the public
- Respect for human rights by the government
  - Safeguarding against human rights violations such as unwarranted police arrest, torture and death penalty
  - Respect for human rights defenders and for women's and children's rights
  - Freedom of expression, assembly and religion

<sup>8</sup> See Annex 2 for the subquestions of the evaluation.

A viable economy has:

- Sustainable food production for the population
  - Access to and availability and use of land and water for food production
  - High yields of horticultural crops produced by agricultural cooperatives
  - Strong public and financial institutional framework for the agricultural sector
- Access to markets for farmers
  - Competitiveness of agricultural products
  - Institutional capacity of the government for service delivery in the agricultural sector
  - No impediments to movement and access for agricultural goods and farmers
  - Good quality and marketability of horticultural products

## 1.6 A note on the approach

In the context of this evaluation, we did not consider policies, interventions and risk management strategies in other fragile states. Analysing best practices and lessons learned in other countries might tell us more about the relevance of the policies that were chosen for the PT and about the way those policies could be operationalised, including risk management. The reasons not to include such an analysis here are the need to restrict the scope of the evaluation, as well as doubts as to the possibility to compare the situation in the PT and in countries such as Burundi, South Sudan or Somalia. We decided to assess the relevance of Dutch policy for the PT on the basis of the needs of the Palestinian population, Palestinian development plans, Dutch policy and adequacy to the solution of problems in the sectors of economic reconstruction, governance, human rights and humanitarian aid. The problems and risks involved in the implementation are extensively discussed and mentioned as explanations for the levels of effectiveness of the development efforts. The Israeli occupation and the weakness of the PA are identified as the main explanatory factors. In the evaluation it is indicated that the Netherlands tried to address the effects of these factors through development cooperation and political dialogue.

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The effectiveness and sustainability of the programme aimed at development of a functioning Palestinian state and a viable economy was evaluated against a set of indicators that was derived from the policy priorities mentioned in the MASPs of the NRO. The achievement of the goal of political stability was not explicitly evaluated, as this concerns a political goal and a precondition for the achievement of the other intermediary goals and the ultimate goal. For this reason, no indicators for political stability were developed.

## 1.7 Data collection methods

The evaluation used three research methods: desk research, interviews and field visits. The collected information was triangulated (i.e. verified as much as possible by at least two other sources) to obtain an accurate picture.

A context study was conducted to position the programme of the Netherlands in a wider socio-economic and political context, because this context influences and largely explains the outcomes of development cooperation. The information for this study was collected through desk study and interviews. To this end, the evaluation team visited Ramallah in January and August 2015 and Tel Aviv in August 2015. Interviews were held with a number of Palestinian, Israeli and foreign respondents.

To collect information on Dutch policy for the PT and its sources, a review of documents was conducted. This mainly concerned policy documents of the MFA and the NRO, IOB evaluations and reports and letters of the House of Representatives.<sup>9</sup> In addition, group discussions (NRO and DAM) and interviews with individuals were conducted in The Hague, Ramallah and Tel Aviv. Based on the collected information, a schematic summary of the policy was prepared. This summary was validated by the NRO and DAM.

The evaluation focused mainly on the bilateral programme, which implied that much time was invested in document review and field research in the PT. The multilateral and private channels were also evaluated, but only on the basis of documents, internet searches and a more limited number of interviews.

| 34 | The bilateral programme was evaluated by a team of the Dutch consultancy firm Ecorys (Rotterdam). A team of three consultants carried out the work, one of whom was a local expert. Each of the team members had specific knowledge of one or two of the selected sectors: economic reconstruction, governance (security, rule of law and earmarked budget), human rights and humanitarian aid. Two other representatives of Ecorys supported the field study. The consultancy team worked on the basis of Terms of Reference (ToR) prepared by the IOB team and shared its preliminary findings with implementing organisations, NRO staff and the IOB team during a debriefing workshop in Ramallah. A selection of funded projects was identified. Project documents on backgrounds, baseline situations, strategies, goals, intended results, activities, intermediate and final results were reviewed and all selected projects were visited during six weeks of fieldwork in the PT (West Bank, including East Jerusalem, and Gaza). The respondents included representatives of implementing agencies (PA, international organisations and local NGOs), beneficiaries and the NRO.

The IOB team evaluated the support through the multilateral and private channels. Only multilateral organisations receiving large amounts of voluntary unearmarked contributions were selected. Of the private organisations, seven larger recipients of Dutch government subsidies were also evaluated.

<sup>9</sup> See chapter 3 with references to sources of information.





2

## History and political economy of the Palestinian Territories

## 2.1 History

### *The period up to 1967*

After 1917, Palestine came under British Mandate Rule.<sup>10</sup> The role of the British set the stage for the conflict that continues to this day; promises were made to both parties concerning Palestinian self-rule and independence and a Jewish homeland.<sup>11</sup> Two movements developed, contending for the same, densely populated area: one indigenous Palestinian and one led by European Jews intending to create a Jewish homeland in Palestine. Jewish immigration<sup>12</sup> and the development of Zionist institutions of government in Palestine led to significant demographic and political changes under the British Mandate in favour of the Zionist movement.

In 1947, the UN agreed on the establishment of two states with Jerusalem as an international zone.<sup>13</sup> 53% of the area would be for Israel and 47% for Palestine.<sup>14</sup> The Zionist movement accepted the Partition Plan, while the Palestinian movement rejected it.<sup>15</sup> Confrontations between Palestinians and Israeli took place between November 1947 and May 1948. Israel became independent on 15 May 1948 and many people were forcefully transferred or fled and became refugees. A minority of Palestinians were allowed to remain in Israel. The Israelis conquered much territory and destroyed more than 500 villages. In 1948, Israel occupied 78% of Mandatory Palestine instead of the 53% foreseen in the Partition Plan.<sup>16</sup> The Palestinians called 15 May 1948 'Nakba' or 'Day of the Catastrophe'. Troops from Egypt, Jordan, Iraq, Syria and Lebanon invaded Israel in May-June 1948.

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In 1949, the West Bank, full of refugees, was annexed by Jordan. Palestinians were granted Jordanian citizenship. The Gaza Strip, under Egypt's administration since 1948, was overrun with refugees, twice as many as its original population. Refugee camps were established in Gaza, the West Bank, Jordan, Lebanon and Syria, and they exist to this day. Two-thirds of the Palestinians today are displaced people, most of them are refugees and many are stateless.<sup>17</sup> The future of the refugees, including their right to return to their homes and lands, is considered as an integral part of a solution to the Israeli-Palestinian conflict.<sup>18</sup> UNRWA was established to provide humanitarian aid to the refugees. More than 65 years later, no durable solutions have yet been found for most of these people.

<sup>10</sup> ARIJ, 2002.

<sup>11</sup> Pappe, I., 2006.

<sup>12</sup> The Jewish population grew from 10% to 32%; Khalidi, R., 2006.

<sup>13</sup> ARIJ, 2002; Pappe, I., 2006; Soshan, M., 2010.

<sup>14</sup> Before 1948, only 7% of the land under the British Mandate was Jewish owned.

<sup>15</sup> Khalidi, R., 2006.

<sup>16</sup> The proposal allocated 53% of the land to the small minority of Jewish inhabitants and 47% to the large majority of Palestinian inhabitants.

<sup>17</sup> Gassner, I., 2014.

<sup>18</sup> UN Security Council Resolution 194 of 1949.

In 1967, Israel occupied the West Bank, including East Jerusalem, and Gaza, where many Palestinians lived.<sup>19</sup> This occupation was considered illegal by the international community. It prepared the way for the settlements of Jewish colonists. The territorial gains served to secure the eastern borders and to control the important aquifers under the West Bank.<sup>20</sup> The expulsion of Palestinians from their lands, villages and towns as a result of the 1967 war caused a second wave of refugees, now estimated to be two million people in the West Bank, including East Jerusalem, and Gaza.<sup>21</sup> These areas came under Israeli military regime, with control over all aspects of Palestinian life through an Israeli Civil Administration responsible for health, education and social welfare. The Israeli occupation policies in this period included strong limits on Palestinian economic development, control over land, water and demography and suppression of Palestinian resistance.<sup>22</sup>

### *Resistance against the occupation*

In 1964, the Palestinian Liberation Organization (PLO) was established as a movement of different political factions. The biggest, Fatah, took the leadership in 1969. In 1974, the PLO was recognised by the Arab League as the representative of the Palestinian people in and outside the PT.

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In 1970, the PLO was expelled from Jordan after violent confrontations with the Jordanian Army. It found a new base in the camps near Beirut.<sup>23</sup> In response to attacks by the PLO from Lebanese territory, Israel invaded Lebanon in 1982. The PLO was forced to leave Lebanon and took exile in Tunisia, Algeria, Iraq and Yemen. The leadership found a new basis in Tunis.<sup>24</sup>

In the 1980s, political activism further developed and became widespread.<sup>25</sup> The PLO aimed to build a liberation movement and enhance the capacity of the people for self-sufficiency in the camps in Lebanon, Syria, West Bank and Gaza.<sup>26</sup> In the West Bank and Gaza, resistance against the Israeli occupation grew. During the confrontation with Israeli forces in 1987-1993 (First Intifada) many Palestinians and Israelis were killed.<sup>27</sup>

### *Peace talks*

The Intifada created a new urge to reach agreements in the region. It was one of the causes for the Madrid Peace Conference (1991) with delegations from Jordan, Syria, Lebanon and Israel. The PLO was part of the Jordanian delegation. Direct talks took place between the

<sup>19</sup> And the Sinai Peninsula and Golan Heights.

<sup>20</sup> Messerschmid, C., 2014.

<sup>21</sup> [www.unrwa.org/where-we-work](http://www.unrwa.org/where-we-work), retrieved in March 2016. In Jordan there were 2 million Palestinian refugees, in Lebanon 450.000 and in Syria 530.000.

<sup>22</sup> Gordon, N., 2008; Hammami, R. and S. Tamari, 2008.

<sup>23</sup> In 1985, Palestinians in the West Bank were excluded from Jordan citizenship; in 1988, Jordan renounced its claims on the area and recognised those of the PLO and the Palestinian people.

<sup>24</sup> Wafa News Agency, 2012.

<sup>25</sup> Taraki, L., 1990.

<sup>26</sup> Turner, M. and O. Shweiki, 2014.

<sup>27</sup> According to B'Tselem, the First Intifada claimed 1491 Palestinian and 185 Israeli lives. [www.btselem.org/statistics/first\\_intifada\\_tables](http://www.btselem.org/statistics/first_intifada_tables).

Palestinian and Israeli delegations in Moscow (1992) but these were aborted because of secret negotiations in Oslo between Israel and the PLO leadership in exile in Tunisia.<sup>28</sup>

The peace negotiations that started in Oslo in 1993 resulted in the Oslo Accords. Oslo I (1993) set a time frame for an interim period of 5 years in which a peace agreement was to be concluded. Authority in the areas of education, culture, health, social welfare, direct taxation and tourism would be transferred from Israel to an elected Palestinian Legislative Council (PLC); territorial integrity of the West Bank and Gaza would be acknowledged; safe passage would be arranged for persons and transportation between Gaza and Jericho and protocols on economic cooperation and development were included.<sup>29</sup>

Oslo II (1995) dealt with the elected Council, dissolution of the Israeli civil administration, redeployment of the Israeli army and security arrangements, legal affairs and safe passage between the West Bank and Gaza. The Accords also dealt with the PLO's recognition of the State of Israel's right to exist in peace and security and with Israel's recognition of the PLO as the representative of the Palestinian people.<sup>30</sup> Israel was to withdraw from several Palestinian areas and Palestinian self-rule was to be expanded. Three areas were created to be controlled either by the Palestinians (Area A), by the Palestinians with Israeli military control (Area B) or by Israel (Area C). The agreement also provided for safe passage of Palestinians travelling between Gaza and the West Bank.<sup>31</sup>

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The Oslo Accords did not mention the establishment of an independent Palestine, as had been agreed in UN Resolution 181 of 1947 on the Palestine Partition Plan. The Council in Areas A and B would only have limited power and the final status agreements were to be based on UN Security Council Resolutions 242 and 338, asking for the withdrawal of Israeli troops from the PT and acknowledgement of secure and recognised boundaries without asking for a Palestinian state. For most parties, the Oslo Accords meant an interim agreement that would pave the way for a final agreement resolving the conflict in 1999.

In 1995, Israeli Minister of Justice Yossi Beilin and PLO's Mahmoud Abbas prepared a 'Framework for the conclusion of a final status agreement'. It dealt with issues such as the recognition of two states, the status of Jerusalem, access, withdrawal of the Israeli army, residential areas for Israelis in Palestine, the refugee situation and shared water resources.<sup>32</sup> Prime Minister Rabin and PLO leader Arafat still had to agree to the document<sup>33</sup> but five days after the framework was finalised, Rabin was assassinated by an Israeli extremist opposing the Oslo Accords. Heated discussions between the Israeli Labour and Likud parties led to the Beilin (Labour)-Eitan (Likud) Agreement (1997). This agreement concerned issues such as the prevention of attacks on Israeli territory, safety of citizens, settlements west of the Jordan, no return to the 1967 borders, Jerusalem as a unified city within sovereign Israel and

<sup>28</sup> Bouillon, M., 2004.

<sup>29</sup> Government of Israel and PLO, 1993.

<sup>30</sup> Government of Israel and PLO, 1995a.

<sup>31</sup> Jewish Virtual Library, 1993; Council on Foreign Relations, USA, 1995.

<sup>32</sup> Government of Israel and PLO, 1995b.

<sup>33</sup> Beilin, Y., 2004.

Israel's right to prevent the entry of refugees into its territory.<sup>34</sup> Important differences can be detected between the Beilin-Abbas and the Beilin-Eitan agreements, notably on Jerusalem, settlements, Israeli citizenship, military presence in the PT, and refugees.

#### Post-Oslo

In the years to follow, the negotiations between Israel and the Palestinians were not successful. Armed conflicts such as the Second Intifada (2000-2005) and Israeli military operations in Gaza were common. The international community promoted the resumption of the peace talks after yet another conflict.

The 'Road Map to Peace', initiated in 2002 by President Bush Jr. and supported by the Quartet on the Middle East (USA, UN, EU and Russia), was to lead to a two-state solution: a safe Israel and a peaceful and democratic Palestine. The Arab Peace Initiative (2002), supported by the members of the Arab League, offered peace and recognition to Israel in exchange for withdrawal from the occupied territories, the establishment of an independent Palestinian state and a solution for the Palestinian refugee problem. In 2007, Palestinians and Israeli participated in a conference in Annapolis to negotiate the revival of the peace process and the creation of a Palestinian state next to Israel. Together, the Road Map, the Quartet, the Arab Peace Initiative and Annapolis formed the cornerstones of the Middle East Peace Process. The overall goal was the establishment of a viable Palestinian state and safe borders for Israel. A number of conditions would have to be fulfilled: resumption of the peace negotiations, security for Israel, no new settlements, renouncing of violence, admittance of transports in and from Gaza, battle against arms smuggle, et cetera.<sup>35</sup>

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New peace initiatives of American Secretaries of State Clinton (2010) and Kerry (2013) were unsuccessful. In April 2014, the consultations were adjourned and came to a standstill after the Israeli military operations in Gaza in summer 2014. In practice the Oslo Accords consolidated an increasingly tight grip of Israel on the PT during the last 20 years, through more control over the Palestinian community, land and water resources and demography, limited handing over of governing responsibilities, economic 'containment'<sup>36</sup> and reduction of the area of land available for the Palestinians through confiscations, forced transfer and occupation.<sup>37</sup>

<sup>34</sup> Ibid.

<sup>35</sup> Ministry of Foreign Affairs, 2010a, pp. 15, 26-27.

<sup>36</sup> Gordon, N., 2008; Hammami, R. and S. Tamari, 2008. This is further described in the following sections. The term 'containment' refers here to: cutting off, limiting expansion, warehousing of surplus people as a means of pursuing political and economic goals. See: Hass, A., 2002, pp. 5-20; Klein, M., 2007, p. 442; Khan, M., et al., 2004; Halper, J., 2008.

<sup>37</sup> Adapted from: ARIJ, 2002. The area of historic Palestine (30,570 km<sup>2</sup>) was reduced to 6,725 km<sup>2</sup> according to the Green Line demarcations of 1967; it was reduced to 2,720 km<sup>2</sup> if Area C, the Buffer Zone in Gaza, East Jerusalem and land west of the Separation Barrier, is taken off; less than 10% of former historic Palestine is still accessible to the Palestinian people.

## 2.2 Socio-economic landscape

### *Demographic developments*

In 2014, there were about 12.1 million Palestinians worldwide of whom 2.8 million lived on the West Bank, including East Jerusalem, 1.8 million in Gaza and 1.5 million in Israel.<sup>38</sup> In 2014 there were about 0.75 million refugees on the West Bank and 1.25 million in Gaza.<sup>39</sup> The Palestinian population is growing rapidly; 58% of the people are under 25 years of age.<sup>40</sup> Especially in Gaza the population density is very high, which places huge demands on health care, education services and employment provisions.

### *Economic reconstruction*

The economy largely depends on the services sector. Agriculture and manufacturing are small sectors. The trade sector is highly constrained as a result of the Israeli occupation and its effects. Employment opportunities are scarce and consequently income is low and food insecurity high. Poverty is widespread. Employment creation in the agricultural and the SME sectors is required and obstacles for economic development, such as import and export restrictions, need to be removed.

### *Governance*

Governance interventions are carried out in a complex environment, characterised by challenges that are related to the Israeli occupation, the weakness of the PA and the ongoing split between the West Bank and Gaza, further complicated by the separation of East Jerusalem from the rest of the West Bank. Functioning representative structures and an integrated legal framework are lacking. Palestinians are satisfied with the technical performance of the justice and security institutions but less with their integrity. Access to legal assistance is inadequate. PFM is under development.

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### *Human rights*

The human rights sector is characterised by violations of international humanitarian and human rights law. The situation deteriorated as a result of the Israeli occupation and of PA and Hamas violations.

Many NGOs are involved in human rights activities. Their lobby and advocacy skills are well developed but they do not always have access to Israeli and Palestinian authorities and have limited impact on the respect for human rights on the ground. Multilateral and bilateral donors are engaged in dialogue on human rights issues with the PA and Israel.

### *Humanitarian situation*

Living conditions deteriorated due to the stagnation of the peace process, occupation policies, the intra-Palestinian conflict and the Israeli military operations in Gaza. Between 2008 and 2014, this resulted in a series of humanitarian crises. Important humanitarian actors are UNRWA and the Palestinian Ministry of Social Affairs (MoSA). Humanitarian aid

<sup>38</sup> PCBS, 2014. Figures are round off.

<sup>39</sup> [www.unrwa.org/where-we-work](http://www.unrwa.org/where-we-work), retrieved in March 2016. Another 3 million Palestinian refugees live in Jordan, Lebanon and Syria.

<sup>40</sup> Portland Trust, 2013, p. 1.

and development are integrated and complemented by political dialogue in order to remove the structural causes of the crises. UNRWA faces increasing shortages in funding.

## 2.3 Political economy

### *Israel's policy of containment: key features*

The occupation is the most powerful determinant of the political economy of the PT. Since 1967, Israel has pursued a policy of economic, geographic and developmental containment of the Palestinian population: maintaining control over Palestinian borders and access to and utilisation of critical resources (particularly land and water<sup>41</sup>) as a means of pursuing its own political and economic goals. The Palestinian economy and all other aspects of life remain almost exclusively dependent on Israel. Post Oslo, this dependence has been entrenched by a 'matrix of control'<sup>42</sup> over the movement and activity of the Palestinians, while facilitating the near doubling of the Israeli settlement population and through the application of economic and trade policies as agreed in the peace accords that actually benefitted the Israeli's and weakened the Palestinian economy.

### *Movement and access restrictions*

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Israel maintains control over all of the PT's land borders, coastline and airspace. The demolition of the Gaza airport, blocking of the construction of a seaport and later of their reconstruction has rendered the PT a land-locked territory. International trade is only possible via Egypt, Jordan and Israel and it is subject to restrictive Israeli regulation of movement of people and goods through commercial crossing points. Participation in the international workforce is similarly restricted. A separation wall between Israel and the PT was constructed, beginning in 2002 on the West Bank. Attempts to enhance movement and access have largely failed in the period under review.<sup>43</sup> Israeli access restrictions are considered to be the major impediment to Palestinian economic development.<sup>44</sup>

Within the PT, freedom of movement and access of Palestinians is also severely restricted. Israel has closed off major parts of West Bank land to Palestinians, primarily in Area C. The PA-controlled areas are fragmented and densely populated enclaves with many Israeli checkpoints, barriers and gates.<sup>45</sup> In Gaza, Palestinians have no access to a military restricted area (buffer zone) occupying 17% of the strip, or to 35% of the agricultural land<sup>46</sup> and 70-85% of the offshore fishing limit agreed in the Oslo Accords.<sup>47</sup> The safe passage connecting the West Bank with Gaza, as agreed in a protocol signed in 1999, was never fully implemented.<sup>48</sup>

<sup>41</sup> Ma'an, 2014; World Bank, 2013; Amnesty International, 2009: The water resources in the Palestinian mountains, sufficient for sustainable use in the long-term, are under Israeli control, with more than 80% of exploited water going to Israel.

<sup>42</sup> Keating, M., et al., 2005, p. 35. The concept of 'Matrix of control' is from Halper, J., 2000.

<sup>43</sup> For details on limitations in easing of movement restrictions, see e.g. UNOCHA, September 2012.

<sup>44</sup> World Bank, 2009 and 2014.

<sup>45</sup> UNOCHA, September 2012, p. 32.

<sup>46</sup> UNOCHA and WFP, 2010; Save the Children UK, 2009.

<sup>47</sup> Oxfam International, 2014, p. 6.

<sup>48</sup> PCHR, 1999.

### *Settlement expansion*

Israel's settlements in the Gaza Strip were dismantled in August 2005, but on the West Bank they continue to expand despite Israeli commitments under the Road Map and at Annapolis. In 1993 there were 260.000 settlers on the West Bank and in 2012 there were 520.000 (including 200.000 in East Jerusalem).<sup>49</sup> Settlement enterprises control 68% of Area C and 42% of the land on the West Bank; 20% of the land occupied by settlements is private Palestinian land.<sup>50</sup> Movement and access restrictions are aimed at protecting the settlements, securing areas for their expansion and improving the connectivity between settlements and Israel.<sup>51</sup> Planned measures such as confiscation of land and water sources, demolition of homes and infrastructure and forced transfer of Palestinians ensure that the settlement population can expand.<sup>52</sup> This process excludes Palestinian participation in decision-making and severely limits Palestinian development.

### *Trade regime and economic space*

Trade relations between Israel and the PT are asymmetrical and economic space is limited for the Palestinians.<sup>53</sup> The West Bank and Gaza are cut off from each other and the Palestinians depend on Israeli port facilities and border crossings for access to neighbouring countries. Palestinian traders depend on Israel's willingness to regulate movement of goods and are faced with prohibitive transaction costs and restrictive customs and transport procedures at border crossings.<sup>54</sup> The economy is characterised by dependence on Israeli imports, decline of productive sectors, trade deficits, weak export and declining tax revenues.<sup>55</sup> Analysts argue that the asymmetrical trade relations between Israel and the PT reflect a political rather than an economic strategy to contain the Palestinian population geographically and developmentally.<sup>56</sup> According to some observers, trade was also increasingly monopolised by Palestinian elites while marginalizing ordinary people and small entrepreneurs. As a result, consumer prices were pushed up and economic disparities between communities widened.<sup>57</sup> In order to make the PT less dependent of external funding, taxes were increased considerably by the PA.

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### *Israeli violence and the demolition of life and property*

Violence of the Israeli military and armed settlers is a pervasive feature of the occupation and according to observers a lack of accountability persists. Military campaigns caused damage to infrastructure, land and property, most devastating in Gaza.<sup>58</sup> Many people, mostly Palestinians, were killed, wounded, displaced or rendered homeless. In between these operations, Israeli military incursions into Gaza have continued and they frequently

<sup>49</sup> B'Tselem, 2010, p. 10 and UNOCHA, December 2012.

<sup>50</sup> B'Tselem, 2013 as quoted in Oxfam International, 2013, p. 1.

<sup>51</sup> UNOCHA, September 2012, p. 2.

<sup>52</sup> Diakonia, 2013, p. 17.

<sup>53</sup> UNCTAD, n.d.: 'Limited Economic Policy Space'.

<sup>54</sup> UNCTAD, n.d.: 'Development Challenges'.

<sup>55</sup> Elkhafif, M., et al., 2014, p. 39.

<sup>56</sup> Ahmad, A., 2014, p. 1.

<sup>57</sup> Bouillon, M., 2004, p. 92.

<sup>58</sup> E.g.: Operation Cast Lead (2008/2009), Operation Pillar of Defense (2012) and Operation Protective Edge (2014).

involve levelling operations and the demolition of agricultural land, fish hatcheries and other economic infrastructure, particularly in the buffer zone. Incidents of damage and demolition of property by the Israeli army and settlers are also common on the West Bank, particularly in areas close to settlements and road networks. This was particularly the case during the Second Intifada, but it has increased over the last years and it continues to this date.

### *Palestinian violence*

Palestinian acts of violence against Israel date back to the 1950s, when terrorists infiltrated from neighbouring countries. In 1972 there were two terrorist incidents at the airport of Lod (now Ben-Gurion Airport). Palestinians also undertook violent attacks abroad, for example in Munich in 1972.<sup>59</sup> Before and during the Second Intifada the PT attracted much negative attention by the wave of suicide bombings in Israeli territory that were supported by Palestinian factions. Important violence also resides in the firing of rockets into Israel by all the factions based in Gaza. They constitute indiscriminate fire. Palestinian armed groups and individuals commit acts of violence to this date.

## 2.4 Political structures and key Palestinian actors

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### *The Palestinian Authority*

The PA consists of a President, a Prime Minister, a Cabinet, Ministries, the PLC and the Palestinian Judiciary. The PA institutions have no electoral legal basis today, as the Presidential and the PLC's terms have expired and no new elections have been held since 2006. President Abbas is basically governing by decree. The approximately 160.000-180.000 employees in PA institutions on the West Bank and their families strongly depend on western donor contributions for their salaries. The fact that the PA is the largest employer has created a situation of patronage and dependency. In Gaza there are 42.000 employees on the PA payroll.<sup>60</sup>

In the years after Oslo, the PA leadership has been navigating between occupation and statehood building, within narrow boundaries imposed by Israel. With the never-ending peace negotiations, lack of transparency concerning economic and political decision-making, deterioration of the socio-economic situation and its key role in a number of critical economic sectors<sup>61</sup>, the PA has come under increasing criticism to the point of losing much of its earlier credibility.<sup>62</sup> The PA also manages other redistributive mechanisms, considered necessary to maintain political stability, especially by creating jobs in the public sector and in the security apparatus.<sup>63</sup>

<sup>59</sup> Smelik, K., 2014, pp. 185-193.

<sup>60</sup> Turner, M. and O. Shweiki, 2014; Passia, 2009; Office of the Quartet Representative, 2014; Hanafi, S. and L. Tabar, 2004.

<sup>61</sup> Much criticism has been voiced over the too tight connections between PA leadership and the few big business enterprises. Bouillon, M., 2004; Khan, M., et al., 2004; Hanafi, S. and L. Tabar, 2004.

<sup>62</sup> Bouillon, M., 2004; Khan, M., et al., 2004.

<sup>63</sup> Hilal, J. and Khan, M., 2004; Khan, M., et al., 2004.

### *The Palestinian Liberation Organisation*

The PLO is the sole legitimate representative of all Palestinian people, but some parties such as Hamas are not members. Mahmoud Abbas is Chairman of the PLO, President of the PA and General Commander of Fatah. The PLO is governed by the Palestinian National Council (PNC).<sup>64</sup> The role of the PNC has been marginalised, but there are calls to revive its role as the representative body of all Palestinians. This call is strengthened in the light of the impasse between the PA on the West Bank and Hamas in Gaza. After Oslo, the PLO lost much influence to the PA as many PLO leaders living abroad became increasingly excluded from the political processes within the PT and from the negotiations with Israel. While the PLO leads the negotiations with Israel without involvement of Hamas, the PA de facto takes the decisions regarding the administration of the territories under Palestinian control, mostly without consultation of the PLC and the PNC.

### *The Palestinian Legislative Council*

The PLC is the representative body (parliament) of the people living in the PT. Since Hamas won the elections in 2006, the rather free and democratic processes prevalent in the PT were truncated by a boycott of the government by Israel, the USA and the EU, and by the reluctance of Fatah to yield its power to Hamas. As a result, the PLC has not been functional since 2007 and it cannot pass legislation. Apart from the schism between Fatah and Hamas this is due to the refusal of the PA to permit the PLC to convene and to the imprisonment of many PLC members elected in 2006.

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### *Fatah*

Fatah is the major political movement and the dominating faction in the PA; most of the PA leadership are members of Fatah. The defeat of Fatah in the 2006 elections reflected a protest vote against Fatah, its patronage and the PA and their failure to make progress in the peace negotiations. The poor election results revealed important divisions within Fatah, and the leadership remains weary of challenges.

### *Hamas*

Hamas, contrary to Fatah, is unwilling to give up armed resistance against Israel and has built up a strong network of educational, health and other social service institutions. Because of its organising and promoting suicide bomb attacks by young Palestinians, Hamas was labelled a terrorist movement by most western governments. In 2006, Hamas won 60% of the votes and invited Fatah to join a national unity government, but these efforts were not supported by the USA and Israel, because they do not wish to support a PA that has a terrorist movement among its ranks. The EU consistently called for reconciliation between Fatah and Hamas.

In 2006, Hamas showed willingness to renounce violence by largely respecting the truce with Israel and by reducing the firing of rockets at Israel. Officials argued that Hamas would be willing to recognise the 1967 borders, which indirectly implied the recognition of Israel.<sup>65</sup>

<sup>64</sup> The PNC represents the Palestinian people irrespective where they live today, hence also those living in the Diaspora.

<sup>65</sup> Bouris, D., 2012.

Hamas also decided to participate in the PLC elections and showed willingness to join the PLO.

After the elections, violence in Gaza threatened to get out of hand and Hamas forcefully took control of Gaza in June 2007. Hamas' position has weakened since 2012 after it distanced itself from the 'axis of resistance' of Iran, Syria and Hezbollah<sup>66</sup>, and after the fall of the Morsi regime in Egypt and the almost complete closing of the tunnels from Gaza to Egypt.

#### *The split between Fatah and Hamas*

The secular world view of Fatah, the religious world view of Hamas, their different stances regarding the Oslo Accords and the battles in Gaza and the West Bank have caused a deep split between them. The dominance of Hamas in Gaza has led to a parallel PA with the same ministries existing in Gaza and on the West Bank. In Gaza, Hamas funds, staffs and manages these ministries through its own income and external resources. In the West Bank they are managed by the PA thanks to support from mainly western countries. Former non-Hamas affiliated PA staff in Gaza is still paid by the PA thanks to external financial support, but a large portion of them do not report to work.

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Many attempts have been made to reconcile Fatah and Hamas, but the low-key positions taken by the PA and Fatah during violent encounters between Israel and Hamas have not been helpful. Egypt, Jordan and Saudi Arabia resist the inclusion of a Muslim Brotherhood affiliated organisation in a new PA. The USA and the EU insist that Hamas has to accept the Quartet principles if it wants to be accepted as a partner. Nevertheless, some EU countries seem to recognise the need to include Hamas in the political process and to steer away from its label of a terrorist organisation. They also express the need to put more pressure on President Abbas and the PA to find compromises with Hamas in order to reach reconciliation.

In the meantime, Hamas is apparently making new overtures to re-align with its earlier allies Iran and Hezbollah in the 'Axis of Resistance' against USA dominance in the Middle East.<sup>67</sup> This would not help the reconciliation process and it would restrain EU countries from including Hamas more in the political process.

#### *Other movements*

Most of the other movements<sup>68</sup> in both the West Bank and Gaza have lost credibility by not countering the ineffective policies of Fatah more clearly, although they still have a small presence in Gaza. Some of them were fighting side by side with Hamas during the Israeli military operations in Gaza of summer 2014. In Gaza, especially Islamic Jihad is a force Hamas has to contend with and there are alarming signs of Islamic Salafist movements with

<sup>66</sup> Baroud, R., 2014.

<sup>67</sup> Ibid. This could also be a result of pressure on Hamas to take more radical positions as a reaction to the rise of extremist movements in Gaza such as Islamic Jihad and Islamic Salafi.

<sup>68</sup> Such as: the Popular Front for the Liberation of Palestine, the Democratic Front for the Liberation of Palestine, the People's Party of Palestine and the Palestine Democratic Initiative.

a much more extremist and fundamentalist agenda than Hamas and Islamic Jihad, notably in the south of Gaza. These extremist groups put pressure on Hamas to take more extreme positions and could possibly in the long term form a bigger threat to its dominance in Gaza than other political factions.

### *Civil society*

The influence of NGOs and other CSOs in development is considerable. A major share of the foreign funding is channelled through a small number of larger, international NGOs. They are mostly engaged in humanitarian and emergency aid. Smaller local NGOs provide services in agriculture, water, health, education, human rights, legal aid provision and gender issues, but they are also involved in peacebuilding and conflict resolution, campaigning against the Israeli occupation and democratisation. The priorities of western donor countries were the realisation of the two-state solution, taking into account the security of Israel, while ensuring Palestinian support for the peace process and furthering economic liberalisation.<sup>69</sup> Many civil society leaders became bureaucrats, managing the interests of their organisations rather than building resilience and resistance at community level.<sup>70</sup> The PT is now one of the most heavily subsidised countries in the world.<sup>71</sup>

## 2.5 Key external actors

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### *Israel*

Since Oslo Israel also holds a tight grip over the PT. Successive Israeli governments subscribed to the notion of a two-state solution, although over time the maximum they were willing to offer fell short of the minimum the Palestinians were willing to accept. Israel does not wish to undertake a full occupation again, like before Oslo, with high military cost and responsibility for social sectors and services.<sup>72</sup> It seems to be more interested in perpetuating the current status quo as long as its security is guaranteed. In the meantime it is deepening its control over the PT, amongst others by allowing the establishment of new settlements and by constructing new road infrastructure.

Israel's relationship with the Fatah dominated PA could be characterised as 'moderate' although with periods of deep rifts and the PA being largely dependent on Israel. Israel has quite a different relationship with Hamas, as its violent resistance agenda is a concern for Israel. After the elections in 2006, all was done together with the international community to minimise its political strength. When Hamas fell back on its power basis in Gaza, the restrictions by Israel on movement and access were tightened and different military operations in Gaza took place, the most recent one in the summer of 2014.

<sup>69</sup> Hilal, J. and M. Khan, 2004; Hanafi, S. and L. Tabar, 2004.

<sup>70</sup> Hanafi, S. and L. Tabar, 2004.

<sup>71</sup> Turner, M. and O. Shweiki, 2014: about EUR 1.5 billion in 2012 (source: IMF) or EUR 256 per capita in 2013. Devoir, J. and A. Tartir, 2009: the PA received about 90% of external funding; NGOs 10%.

<sup>72</sup> The massive donor support to the PA and to humanitarian and development programmes is welcome in this context.

### *USA and EU*

USA and EU funding aims at contributing to political stability and progress in the peace process. USA diplomacy has taken many initiatives to achieve peace between Israel and the Palestinians. The USA sometimes takes critical positions towards Israel, such as the condemnation of new settlements, but shows little willingness to intervene to stop them. Israeli security is a domestic political issue in the USA and Israel is a strategic military ally in the Middle East. USA administrations therefore see Israel's interests as a priority and their positions on particular issues are always closer to Israeli than to Palestinian positions.

The EU and its member states have mostly followed the USA in their support of Israel, even when Israel disregarded international resolutions. Most of the Western European countries abstained from voting in the 2012 UN General Assembly recognising Palestine as a State. However, since last year, there seems to be a trend of changing positions among EU countries. In different wording, the parliaments of the UK, France, Spain, Portugal, Belgium, Luxemburg and Ireland called upon their governments to recognise the State of Palestine at a strategic moment or in combination with support for negotiations. The government of Sweden recognised Palestine in 2014.<sup>73</sup> In the past two years, the EU issued directives concerning economic activities in the settlements, the demolition of infrastructure in Area C and on scientific relationships with Israel. Thus, the EU assumed a more critical position towards Israel. The EU welcomes a possible reconciliation agreement by Hamas and Fatah whereas the USA does not.

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### *The Quartet on the Middle East*

The Quartet (UN, USA, EU and Russia) was established in 2002. A Representative, Tony Blair, and a dedicated Representative Office in Jerusalem supporting him, would facilitate the negotiations following the Road Map to Peace. Until now, the work of the Quartet has failed to facilitate a breakthrough in the negotiations. The Initiative for the Palestinian Economy (IPE), a proposal of the Office of the Quartet Representative (OQR) was designed to bring about change, to promote growth in the economy and to create many new jobs.<sup>74</sup> The initiative focuses on private sector development (PSD) on the West Bank, including East Jerusalem, and in Gaza. For the initiative inflow of new private investments, expanded Israeli easing measures and improved institutional capacity within the PA are required. The OQR (nowadays the Office of the Quartet) closely cooperates with the PA and the Israeli government. The plan focuses on projects covering eight key economic sectors.<sup>75</sup>

### *Arab and other countries*

The role of other countries in influencing the Israeli-Palestinian conflict has been rather small. Most efforts undertaken notably by Arab countries and the Arab League were met by a USA veto in the UN Security Council. The Egyptian regimes (excluding the Morsi regime) mostly followed the USA and Israeli agendas to preserve the economic interests of the military, in spite of a popular opinion that it is supportive to the Palestinian cause. Egypt has been playing a mediator role between Israel and Hamas over Gaza but the military Al-Sisi

<sup>73</sup> Whitbeck, J., 2014.

<sup>74</sup> Office of the Quartet Representative, 2014.

<sup>75</sup> OQR website: <http://www.quartetoffice.org/page.php?id=5da3e3y6136803Y5da3e3>.

regime is contributing to the further isolation of Hamas in Gaza. Jordan has always avoided confrontations with the USA, a major player in Jordan, while assuring its population that it is defending the Palestinian interests. For domestic political reasons, Jordan is not keen to support a Palestinian leadership that could be influenced by Hamas. Besides Egypt, other Arab countries such as Saudi Arabia and Qatar have also played roles in the Arab Peace Initiative and in reconciliation negotiations between Fatah and Hamas. Possibly, there are or have been geo-political affiliations between Palestinian factions in Gaza and countries such as Iran and Qatar.

Worldwide there is wide support for the Palestinian cause: the UN General Assembly accepted Palestine as a permanent non-member observer state in the General Assembly with a majority of 135 out of 193. However, this political support has thus far had little bearing on the developments of the situation around the Israeli-Palestinian conflict.

## 2.6 Conclusions

Promises made to both Jews and Palestinians during the British Mandate Rule set the stage for today's conflict. After Israel became independent, many Palestinians were forcefully transferred or fled the area and became refugees. The refugee problem has not been solved to this date and the number of refugees has been expanding as a result of population growth. A large share of the refugee population is young and unemployed. The refugee problem became one of the most difficult final status issues to resolve as well as a threat for political stability in the PT. The international community considers both care for the refugees and stability as its responsibility and is spending large amounts of aid money for this purpose, predominantly through UNRWA.

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In 1967, Israel occupied the West Bank, including East Jerusalem, and Gaza, where many Palestinians lived. The occupation is one of the most powerful determinants of the political economy of the PT. Israel holds the Palestinians in a tight grip regarding movement and access, use of critical resources, trade regime and economic space. Israeli settlements in occupied Palestinian areas cause much tension and exclude Palestinians from participation in decision making in large parts of the PT. Violence used by both Israelis and Palestinians adds to this situation.

All this hampers economic and institutional development and has negative effects on Dutch development cooperation such as the demolition and stagnation of agricultural and water projects, thwarting of export plans, the lack of long term investments in agriculture, prolonged need to support refugees and lack of progress in the human rights sector.

In the early 1990s peace negotiations started which were concluded by the Oslo Accords in 1995. The PT were granted limited self-rule and the PA, dominated by Fatah, was established to function as a government for the PT. The international community hoped that a peace agreement would eventually be reached and that a new state of Palestine would be created.

However, despite several new international initiatives, the negotiations did not result in peace and an independent State of Palestine.

The PA showed many weaknesses and lost public support for not having a democratic mandate, for not making progress in the peace process with Israel, for its inability to stop violence, to reconcile with Hamas, to run public institutions properly and to observe human rights.

This situation has negative effects on state building, economic development and political stability. It had a negative impact on programmes supported by the Netherlands aimed at institutional strengthening of the security forces and the three main judicial institutions. Continued violations by the PA prevented improvement of the human rights situation. The lack of progress in the peace process compelled the Netherlands to continue its support of the relief and rehabilitation programme.

Although the USA in particular has taken several peace initiatives and often criticises Israel, it has been unwilling to put much pressure on the Israeli Government to be more serious about the negotiations with the PA and to relax the regime it imposed on the PT as occupying power. The EU has only to some extent used its influence to address the Israeli occupation. Although some member states were in favour of more pressure on Israel, other members opted for a more balanced approach pointing to Israel's responsibilities and to justified security concerns. The last couple of years, the EU has been more critical towards Israel.

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The EU insufficiently used its leverage as a large donor to put pressure on the PA to do something about the stagnating peace negotiations, the conflict with Hamas, the improvement of its legitimacy and to make more work of the policy reforms in the public sector. However, in 2015 the EU and the PA agreed on a results-oriented framework for PEGASE to monitor progress in the reform programme of the PA. Thus, progress has been made more visible and a dialogue on the basis of the indicators was initiated between the EU and the PA.<sup>76</sup>

The Israeli occupation and the weakness of the PA are the key factors influencing the possibilities to achieve strategic and sustainable development results in the PT. The restraint of the international community to enforce a breakthrough in the peace process contributes to perpetuation of this situation.

<sup>76</sup> Ministry of Foreign Affairs, 2015.





# Dutch aid policy for the Palestinian Territories

3

### 3.1 Dutch aid policy context

Dutch aid for the Palestinian people is inseparably linked to the complex political context that is dominated by the Israeli occupation of the PT. The Netherlands has maintained friendly relations with Israel since the foundation of the state in 1948. Simultaneously, for many years it voted against UN resolutions recognising the Palestinian right of self-determination; Dutch relations with the Palestinians were limited to humanitarian aid.<sup>77</sup> However, in the early 1970s, the Netherlands distanced itself somewhat from its pro-Israel stance and supported declarations and resolutions on the rights of the Palestinians and on Israel's withdrawal from the PT.<sup>78</sup> Thus, the stance became more balanced as some governments were inclined to give more support to one party and to be more critical towards the other. This reflected the position of the various political parties in the House of Representatives. However, violence by either of the parties was always condemned and peace remained the goal for all.

The Netherlands welcomed the Oslo Accords and Dutch aid was intensified to contribute to stability and peace. The Netherlands became one of the main donors.<sup>79</sup> In 1994, a Dutch representation to the PA was opened in Jericho.<sup>80</sup> This NRO moved to Ramallah in 1996. The Netherlands supported the Middle East Peace Process as described in chapter 2. According to the Netherlands, it was the task of Israel and the Palestinians to reach a peace agreement. The international community, including the Quartet and the Netherlands (often through EU and UN) and regional players such as Egypt and Saudi Arabia should support that ambition. The Netherlands saw a role for itself in promoting and facilitating the process given the good relations it maintained with both parties.<sup>81</sup> Dutch ministers and diplomats regularly visited Israel and the PT, the political dialogue with Israel started in 2008 and with the Palestinians in 2010.<sup>82</sup>

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The Netherlands also aimed at strengthening the relations between Israel and the EU, including trade relations. The EU members find it difficult to reach consensus about a common Middle East policy, although they are all committed to a two-state solution, the Road Map to Peace and other agreements. However, there are differences concerning the recognition of the PT as a state and the human rights situation in Israel and the PT. In 2012, Dutch minister of Foreign Affairs Timmermans said that the member states were gradually putting their differences aside and that they understood that a divided EU would be an EU with little influence.<sup>83</sup>

<sup>77</sup> Policy and Operations Evaluation Department, 1999, p. 23.

<sup>78</sup> Policy and Operations Evaluation Department, 1999, p. 24; Hollis, R., n.d.

<sup>79</sup> Policy and Operations Evaluation Department, 1999, p. 25.

<sup>80</sup> Policy and Operations Evaluation Department, p. 25.

<sup>81</sup> Policy and Operations Evaluation Department, p. 16.

<sup>82</sup> Ministry of Foreign Affairs, 2009a, p. 22; 2010a, p. 26.

<sup>83</sup> Ministry of Foreign Affairs, 2012b, p. 3.

Dutch efforts to reach a peace agreement also concerned continued development cooperation with the Palestinians, with a focus on economic development, creation of strong institutions and humanitarian aid.<sup>84</sup> Most of the Dutch aid was channelled through multilateral and European organisations. In all cooperation forums, the Netherlands wished to play a prominent role in the policy discussions. Since the Quartet was supposed to promote economic development, a Dutch economic expert was seconded to OQR Tony Blair in 2008.<sup>85</sup>

The Netherlands realised that steps forwards in the peace process would be followed by setbacks. This would lead to instability and negative effects on the economic and security interests of the Netherlands in the region.<sup>86</sup> For these reasons, too, the Netherlands wanted to contribute to peace and stability. To this date, the final goal of the two states living side by side in peace and security, to be achieved through political dialogue with Israel and the PA and through developmental means (statehood building and socio-economic development) is a key element in Dutch policy. The current Government of the Netherlands is also committed to peace, security and stability in the region, although it is well aware of the difficult context in which this will have to be achieved.<sup>87</sup>

The Israeli-Palestinian conflict has always been a hot issue in politics, civil society and in public space of the Netherlands. In parliament, many debates, letters and documents were dedicated to this subject. The public debate is characterised by large numbers of publications, often on the internet, and the outspoken preference for one or the other party, although there are more balanced opinions as well.

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## 3.2 Sources of Dutch development policy

Dutch development policy for the PT was inspired by various sources:

- General development policy documents of the MFA
- Policy documents that deal with themes that are important in the PT
- Palestinian development plans (2008-2016)
- EU development policy plans

<sup>84</sup> Ministry of Foreign Affairs, 2009a, p. 22; 2010a, pp. 26-27.

<sup>85</sup> Ministry of Foreign Affairs, 2008a, p. 16; 2009a, p. 22.

<sup>86</sup> Ministry of Foreign Affairs, 2009a, p. 22; 2012a, p. 14.

<sup>87</sup> People's Party for Freedom and Democracy (VVD) and Labour Party (PvdA), 2012, p. 12; Ministry of Foreign Affairs, 2013a, p. 8; Ministry of Foreign Affairs, 2014c, p. 10; Netherlands Representative Office, 2011b, p. 5.

**Box 1** *General development policy of the Netherlands*

- Policy note ‘Our Common Concern’ (2007) deals with ‘security and development’: responsibilities of governments, relief, human rights and socio-economic reconstruction.<sup>88</sup>
- Policy memorandum ‘Cooperation, Customisation and Added Value’ (2009) focuses on the role of CSOs as contributors to security and development, reconciliation, peacebuilding and strengthening of social institutions.<sup>89</sup>
- The ‘Outline Development Cooperation Policy’ (Basisbrief, 2010) emphasises economic development, promotion of rule of law, fight against corruption and the important role of multilateral organisations and the EU.<sup>90</sup>
- In the ‘Spearheads of Development Cooperation Policy’ (Focusbrief, 2011) security and rule of law, food security, water and Sexual and Reproductive Health and Rights (SRHR) are the priorities. The PT remained on the list of fragile states and food security was mentioned as an opportunity in the PT.<sup>91</sup>
- Policy note ‘Modernisation Dutch Diplomacy’ (2011) emphasises the promotion of economic interest, peace and stability and human rights through economic and political diplomacy and development cooperation.<sup>92</sup>
- ‘A World to Gain: A New Agenda for Aid, Trade and Investment’ (2013) mentions three ambitions: eradication of extreme poverty, sustainable and inclusive growth and success for Dutch companies abroad. Policy coherence and cooperation with CSOs, multilateral organisations and the EU is emphasised.<sup>93</sup>

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**Box 2** *Thematic policy of the Netherlands*

- Improved agricultural production and access to markets as well as food security are priorities in policy note Agriculture, Rural Economic Development and Food Security (2008) and in the Food Security Policy Letter (2011).<sup>94</sup>
- Policy note Security and Development in Fragile States (2008) emphasises security sector reform, socio-economic development and humanitarian aid. The PT are on the list of fragile states. Effectiveness and legitimacy of the government, rule of law, control of corruption and strong police and judiciary were priorities in the governance sector after 2007.<sup>95</sup>

<sup>88</sup> Ministry of Foreign Affairs, 2007a, pp. 23, 41-42.

<sup>89</sup> Ministry of Foreign Affairs, 2009b, pp. 6-8.

<sup>90</sup> Ministry of Foreign Affairs, 2010b, pp. 1-2, 11-12.

<sup>91</sup> Ministry of Foreign Affairs, 2011a, pp. 3, 5, 6, 22.

<sup>92</sup> Ministry of Foreign Affairs, 2011b, pp. 1, 5-7.

<sup>93</sup> Ministry of Foreign Affairs, 2013b, pp. 6-7, 23-24, 35-39.

<sup>94</sup> Ministries of Agriculture and Foreign Affairs, 2008; Ministries of Foreign Affairs and Economic Affairs, Agriculture and Innovation, 2011; Policy and Operations Evaluation Department, 2013a.

<sup>95</sup> Ministry of Foreign Affairs, 2007a; 2008a; 2011a; Policy and Operations Evaluation Department, 2013b.

- In 2013, earmarked budget support for stability programmes in fragile states was introduced. This enabled governments of fragile countries to carry out their basic functions in order to contribute to consolidation of peace and security, for instance by covering salary costs of civil servants.<sup>96</sup>
- In the strategy note Human Dignity for All (2007) the link between human rights, stability, peace and security was emphasised and working with civil society is considered essential. Policy documents Responsible for Freedom (2011) and Justice and respect for all (2013) mention a number of priorities in human rights work such as protection of human rights defenders and labour rights.<sup>97</sup>
- Humanitarian aid was to cover emergency aid, prevention, rehabilitation and care for refugees and had to be placed in the context of preventive diplomacy, peace-making and reconstruction. In policy framework Aid for People in Need (2011), these ambitions are elaborated.<sup>98</sup>
- Various policy notes inspired the gender policy throughout the evaluation period. The focus was on equal rights for men and women, political participation, leadership, economic independence, violence against women, integration in the spearheads and the position of women in fragile states.<sup>99</sup>

### *Palestinian development plans*

Thematic priorities of the Palestinian Reform and Development Plan (PRDP) 2008-2010 published by the Palestinian National Authority (PNA<sup>100</sup>) were: governance (strengthening the criminal justice system, security services and public institutions); social development (reinforcement of social coherence; provision of social protection for those in need); economic development (towards fiscal stability; restoration of economic growth) and infrastructure (roads, water, waste management).<sup>101</sup> In the National Development Plans (NDP) 2011-2013 and 2014-2016, the main policy priorities remained unchanged.<sup>102</sup>

<sup>96</sup> Policy and Operations Evaluation Department, 2012b; Ministry of Foreign Affairs, 2013c; 2013d.

<sup>97</sup> Ministry of Foreign Affairs, 2007b; 2011c; 2013e; Policy and Operations Evaluation Department, 2012a.

<sup>98</sup> Ministry of Foreign Affairs, 2011d; Policy and Operations Evaluation Department, 2006; 2014.

<sup>99</sup> Policy and Operations Evaluation Department, 2015.

<sup>100</sup> The Palestinian Authority (PA) is also sometimes called The Palestinian National Authority (PNA) in consulted documents.

<sup>101</sup> Palestinian National Authority, 2007.

<sup>102</sup> State of Palestine, 2014, pp. 17, 25, 100.

<b>Table 1 External funding required to implement the Palestinian development plans (amounts in EUR billion)<sup>103</sup></b>			
	<b>2008-2010</b>	<b>2011-2013</b>	<b>2014-2016</b>
Development programmes	1.235	1.858	0.678
Recurrent budget support	2.741	1.769	3.239
<b>Total</b>	<b>3.976</b>	<b>3.627</b>	<b>3.917</b>

Key elements of vision of the PA of the future Palestinian State were: Palestine will be an independent, democratic state that respects human rights. Its people live in safety and security under the rule of law; gender equality is promoted. Palestine maintains cordial relationships with other states and people. The government is transparent, accountable and responsive to citizens' needs; it delivers basic services effectively and creates an enabling environment for the private sector. The economy is open and produces competitive goods and services.<sup>104</sup> The occupation and denial of the right to independence impedes the functioning of institutions and internal political fragmentation is also an obstacle for a well-functioning State of Palestine.<sup>105</sup> The PA will do everything to end the closure of Gaza by Israel; restrictions on movement of people and goods must be lifted. The PA is committed to provide humanitarian assistance, payment of public salaries, social transfers and basic social services and intends to work with UNRWA, other UN agencies and NGOs for relief activities.<sup>106</sup>

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### *EU development policy*

The PA enjoys the status of partner in the ENP since 1997. The EU supports the goal of a two-state solution that would contribute to compliancy with the ENP principles of stability, good governance, security and welfare. To achieve this, the EU 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. Instruments to implement the strategy were financial assistance, diplomatic and political dialogue. The EU is the largest provider of financial assistance to the PT. In 2005, the EU and the PA agreed on an action plan to support the PA's reform agenda. The validity of this plan was extended to 2013, when a new Joint Action Plan (JAP) was launched in which the objectives of the EU-PA relations for the next five years were set out. The objectives of this JAP were operationalised in a Single Support Framework (SSF) and in Temporary Support Measures. The SSF was aligned with the JAP and the PNDP 2014-2016 of the PA. From 2011 onwards, when it became obvious that 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

<sup>103</sup> Palestinian National Authority, 2007, p. 104; Palestinian National Authority, 2011, p. 13; State of Palestine, 2014, p. 17.

<sup>104</sup> Palestinian National Authority, 2007, p. 4.

<sup>105</sup> Palestinian National Authority, 2011, pp. 1-3.

<sup>106</sup> Palestinian National Authority, 2007, p. 6.

direction, more explicitly recognising the reality on the ground and the limited impact of the cooperation on the two-state solution and even on the binding constraints.<sup>107</sup>

### 3.3 Dutch aid policy for the Palestinian Territories

#### 1994-2007

Since the Oslo Accords, the Netherlands provided aid to the Palestinians as a contribution to state building and economic development, required for a successful peace process. This was in line with the international consensus approach: ‘aid as the cement of peace’. It was feared that the worsening social and economic conditions in the PT would lead to radicalisation of the Palestinian people. The Netherlands disbursed more than EUR 75.3 million between 1994 and 1998.<sup>108</sup> Sectors in which the Netherlands was active are: education, employment, agriculture, health and the environment. These sectors were selected in consultation with the PA and the international donor community.<sup>109</sup> In 1999-2007, support to the PT was allocated to agriculture, economic reconstruction, primary education, water, democratisation, good governance, gender, human rights, peacebuilding and Palestinian refugees.<sup>110</sup> The volume of aid remained high.<sup>111</sup> Part of Dutch aid was channelled through multilateral and private organisations. Some multilateral organisations such as UNRWA received contributions for specific projects in addition to contributions to their general budgets.<sup>112</sup> The PT remained a priority country for Dutch aid, whereas support to many other countries was discontinued.

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#### Multi-Annual Strategic Plan 2008-2011

This MASP stated that the fragility of the PT is largely a result of the occupation and its impact on Palestinian state-building and the establishment of the rule of law.<sup>113</sup> Without the occupation, the PT could have been an economically sustainable state, not in need of foreign aid. However, the general breakdown of security conditions has become an obstacle to peace negotiations and the establishment of a Palestinian state. Support for the security sector is therefore at least partly politically inspired and not only by the achievement of the Millennium Development Goals (MDGs). The same applies to support for the sectors of economic reconstruction and humanitarian aid: as a result of the weak security conditions, movement and access in the PT were limited by Israel, which contributed to weakening of the economy and to increasing poverty.<sup>114</sup>

<sup>107</sup> DRN-ECDPM-Ecorys-Particip, 2014, pp. 6-7; European Commission, 2012, pp. 1-2.

<sup>108</sup> Policy and Operations Evaluation Department, 1999, p. 21. The Netherlands ranked eighth among the donors; to compare: in this period the USA disbursed EUR 260 million.

<sup>109</sup> Policy and Operations Evaluation Department, 1999, p. 25.

<sup>110</sup> House of Representatives, 2000; 2006; Ministry of Foreign Affairs, 2001; 2004; 2006; 2007c.

<sup>111</sup> For example: in 2005, support amounted to EUR 33 million. House of Representatives, 2006.

<sup>112</sup> Policy and Operations Evaluation Department, 1999, p. 25.

<sup>113</sup> Netherlands Representative Office, 2007, p. 2.

<sup>114</sup> Ibid., p. 2.

Three focus areas were selected: good governance (security, rule of law, human rights), economic reconstruction and humanitarian aid to Palestinian refugees. Furthermore, there was some attention for culture. The choices were also based on an assessment of the internal strengths of the office vis-à-vis other donors and on the objectives of Dutch Foreign policy. Furthermore, congruence was sought between this policy and the PRDP 2008-2011.<sup>115</sup>

The security sector was highly politicised, fragmented and ineffective; it lacked capacity and rule of law was not guaranteed. The Dutch support focused on strengthening Palestinian security forces and the border security capabilities (in particular crossings in Gaza); this would contribute to improved movement and access for Palestinians and their goods to enhance economic development. In this context the NRO would continue its cooperation with the European Coordinating Office for Palestinian Police Support (EUPOL COPPS) mission.<sup>116</sup>

Struggle for power between the main institutions and lack of capacity characterised the juridical sector. The performance was substandard. Armed groups and Israel's policies had a negative impact on the ability of the PA to guarantee the rule of law. The NRO's goal was to enhance the performance of the justice system and its institutions such as the Attorney General's/Prosecution Office (AGO). Focus would be on the criminal justice system and on monitoring legal procedures through a civil society institution. Prison rehabilitation is one of the programmes in this context.<sup>117</sup>

The MASP stated that both Israeli authorities and the PA commit systematic human rights violations. Israeli violations refer to the separation barrier, road blocks and a system of special permits. This results in restrictions of movement and economic and humanitarian hardship. Palestinian violations include police arrests without charges and occasional execution of death sentences by Hamas in Gaza. The NRO's goal was: increased respect for human rights by the Israeli government and the PA, to be achieved through monitoring, documentation, legal aid and advocacy of (strengthened) NGOs and human rights dialogue with the PA. The NRO would co-chair the informal Working Group on Human Rights and address human rights violations together with other EU member states.<sup>118</sup>

The NRO aims to support economic reconstruction in the agricultural sector, amongst others through the establishment of a rural credit institution, improvement of rural infrastructure and increasing productivity and quality. The investments in agriculture go hand in hand with attention for security of the crossings and with attempts to improve movement and access for Palestinians.<sup>119</sup>

<sup>115</sup> Ibid., p. 2.; Palestinian National Authority, 2007.

<sup>116</sup> Netherlands Representative Office, 2007, pp. 5-6.

<sup>117</sup> Ibid., pp. 6-7.

<sup>118</sup> Ibid., pp. 7-8.

<sup>119</sup> Ibid., pp. 8-9.

There was an increasing need for humanitarian and emergency aid after the second Intifada. The NRO aims to prevent permanent damage to the Palestinian economy and social infrastructure by enabling UNRWA to save Palestinians from destitution. The NRO also supports institutional reforms in UNRWA.<sup>120</sup>

The budget of the NRO (4 years) would be about EUR 120 million: EUR 31 million for good governance; EUR 38 million for economic reconstruction; EUR 50 million for humanitarian aid (including budget support). Between 2008 and 2014, the Netherlands ranked as the 12<sup>th</sup> largest bilateral and the 7<sup>th</sup> largest multilateral donor.<sup>121</sup>

#### *Multi-Annual Strategic Plan 2012-2015*

The MASP 2012-2015 describes how conflict and political instability negatively influence institutional and economic development in the PT. Promotion of the rule of law, empowerment of institutions, legal structures and human rights is still needed.<sup>122</sup> The MASP states that the Netherlands has leverage with the PA as well as a special relationship with Israel, which allows for political openings. Development cooperation and political dialogue go hand in hand. In other words: development cooperation gives the Netherlands a voice in the broader political debate. This dialogue also deals with other key players such as USA, UN, EU and the Quartet. The focus will be on rule of law, food security and water, humanitarian aid, human rights, economic diplomacy and sports/culture. The plan was developed in close consultation with development partners and the PA.<sup>123</sup>

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Outcomes in the sector of security and rule of law would be: strengthened justice and security systems and a more capable and responsive government. The focus would be on capacity development of civil servants, police and judicial representatives, improving cooperation between security and justice institutions, equal access to justice and security, women's rights, increased civic participation and accountability.<sup>124</sup>

In the sector of food security outcomes would be: increased food production, improved agricultural service delivery, improved access to markets and increased competitiveness of agricultural products. There would be links with activities in the water sector. Improved access was to be achieved through lobby and advocacy directed at the Israeli authorities<sup>125</sup> and through development of high quality and export-oriented production chains. To contribute to improved competitiveness of the Palestinian agricultural sector, options to use Dutch PSD instruments were to be explored. Compared to the previous MASP, the budget for food security was substantially reduced.<sup>126</sup>

<sup>120</sup> Ibid., p. 10.

<sup>121</sup> See section 8.1 for more information and reference.

<sup>122</sup> Netherlands Representative Office, 2011a, pp. 5-6, 11.

<sup>123</sup> Ibid., pp. 1-4, 10-18.

<sup>124</sup> Ibid., pp. 10-11.

<sup>125</sup> Ibid., pp. 3-4. In the past, the NRO had successfully used the instrument of economic diplomacy to maintain the export of flowers, strawberries and vegetables from Gaza thanks to the good relations between Israel and the Netherlands. This practice would be continued in the new MASP.

<sup>126</sup> Ibid., pp. 12-13, 18.

The Dutch contribution to the human rights sector would be channelled through the bilateral channel. Priorities would be: freedom of expression and religion, equal rights for women and sexual minorities and support for human rights defenders. A likeminded donor secretariat on human rights was established. Through the multilateral channel, support was given via the EU.<sup>127</sup>

Humanitarian aid would be channelled through UNRWA. Focus would be on service delivery, protecting the status of the refugees, improving the movement and access situation and the provision of emergency aid. A reform process of UNRWA should improve the performance of the organisation.

The Netherlands re-entered the water sector on request of the Palestinian Minister of Water. The goal would be for Palestinians to have access to equitable and safe water supply and full coverage of water sanitation. In the MASP, attention was also given to PSD, culture and sports.<sup>128</sup>

The budget (4 years) would be about EUR 67 million: EUR 35 million for security, good governance and rule of law; EUR 22 million for food security (economic reconstruction); EUR 9 million for water and EUR 1 million for human rights. Humanitarian aid and earmarked budget support were not included in this budget.<sup>129</sup>

#### *Multi-Annual Strategic Plan 2014-2017*

The MASP 2014-2017 built on lessons learned from the period 2008-2013 and on an updated country analysis.<sup>130</sup> The strategy of linking development to political dialogue was confirmed and the focus of the development programme would continue to be on the sectors of security and rule of law, food security and water. The budget for rule of law was substantially reduced and the budgets for human rights and water were considerably increased; the budget for food security remained stable. Humanitarian aid and culture and sports were mentioned among the other foreign policy instruments. Women's rights and gender equality would be mainstreamed and more prominence was given to private sector development.<sup>131</sup>

The MASP was not positive about the context in which the peace negotiations that were resumed in 2013 were to take place:

- The legitimacy of President Abbas and the PA is challenged by the Palestinian people;
- President Abbas and the PA are unable to deliver on popular expectations which may lead to strengthening Hamas;
- Fatah and Hamas are still divided;
- Settlement expansion and restrictions of movement and access by Israel still continue.

<sup>127</sup> Ibid., p. 17.

<sup>128</sup> Ibid., pp. 14, 18.

<sup>129</sup> If humanitarian aid and earmarked budget support would have been included in this budget, the budget for 2008-2009 (EUR 69 million) would have been only slightly higher than the one for 2012-2015 (EUR 67 million).

<sup>130</sup> Netherlands Representative Office, 2013, pp. 7-12. MASP 2014-2017 was a revision of MASP 2012-2015.

<sup>131</sup> Ibid., pp. 6, 25.

All this has a negative impact on economic development, employment and peace and stability. Therefore, the Quartet led by Tony Blair launched the IPE that focused on PSD in eight economic sectors such as agriculture and water, which are important for the Netherlands too.<sup>132</sup> The Netherlands would support this initiative.<sup>133</sup>

The budget (four years) would be about EUR 70 million, of which EUR 26 million for rule of law, EUR 22 million for food security; EUR 17 million for water and sanitation and EUR 5 million for human rights. Again, humanitarian aid and earmarked budget support were not included in the budget.

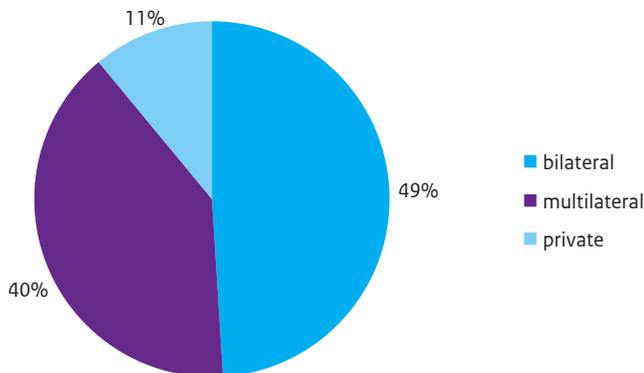
### 3.4 Expenditures of Dutch development cooperation

#### Overview

In the period under review, the Netherlands spent approximately EUR 415 million of Official Development Assistance (ODA) on development cooperation with the PT. EUR 205 million was spent through the bilateral channel, EUR 165 million through the multilateral channel and approximately EUR 45 million through the private channel. The figure below shows that the majority of the Dutch expenditures, almost half of its total, were spent through the bilateral channel.

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**Figure 1** Total Dutch expenditures in the PT per channel in % in the period 2008 - mid-2014



Source: Piramide, financial administration system of the MFA.

<sup>132</sup> Office of the Quartet Representative, 2014.

<sup>133</sup> Netherlands Representative Office, 2013, pp. 9-10, 23-24.

### Expenditures multilateral and private programmes

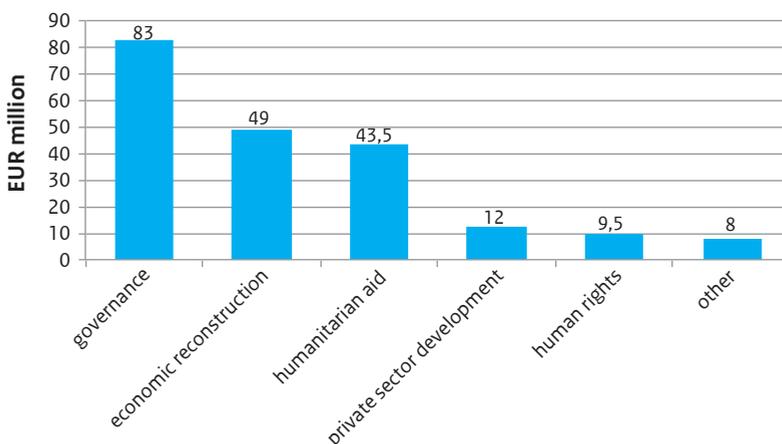
The expenditures through the multilateral channel concerned the unearmarked core contributions to multilateral organisations such as the EU and the UN. The expenditures through the private channel included programmes of the Co-Financing System (MFS I and II) organisations, the Association of Netherlands Municipalities-International (VNG-I), the international branch of the Netherlands Trade Unions Confederation (Mondiaal FNV) and some smaller organisations such as PUM, the International Center for Agricultural Research in the Dry Areas (ICARDA) and the HALO Trust and particular expenditures through some special funds such as Funding Leadership and Opportunities for Women (FLOW), the MDG fund, the Human Rights fund, the Stability fund and the Rehabilitation fund. The World Bank invests large sums in the PT, mainly in infrastructural projects. The Netherlands contributes to the World Bank funds. The expenditures of the World Bank in the PT were not calculated for this evaluation, nor were the Dutch contributions. Expenditures through the multilateral channel are discussed further in chapter 8; expenditures through the private channel are discussed in chapter 9.

### Expenditures bilateral programme

The expenditures through the bilateral channel will be discussed in the next four chapters. Each discusses one of the sectors of the bilateral programme.

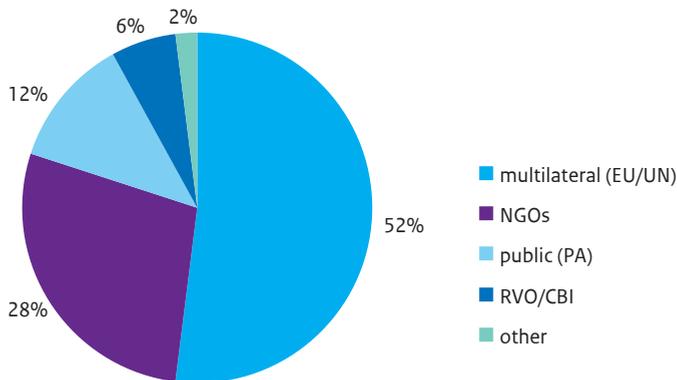
The Dutch bilateral programme focused on the thematic sectors of governance, economic reconstruction, humanitarian aid, PSD and human rights. PSD was not included in the evaluation. Expenditures by thematic sector are presented in Figure 2. The figure shows that the governance sector receives by far the largest share of Dutch ODA.

**Figure 2** Total ODA disbursement through the bilateral channel by sector (in EUR million)



Bilateral aid was channelled through multilateral organisations such as the EU and the UN, national and international NGOs, PA institutions, the Netherlands Enterprise Agency (RVO) and the Facility for Promotion of Imports from Developing Countries (CBI). Expenditures by type of organisation are presented in Figure 3. This figure shows that more than half of the Dutch bilateral ODA was channelled through multilateral organisations, i.e. through the ‘multi-bi’ channel.

**Figure 3** Total ODA disbursement through the bilateral channel by type of organisation



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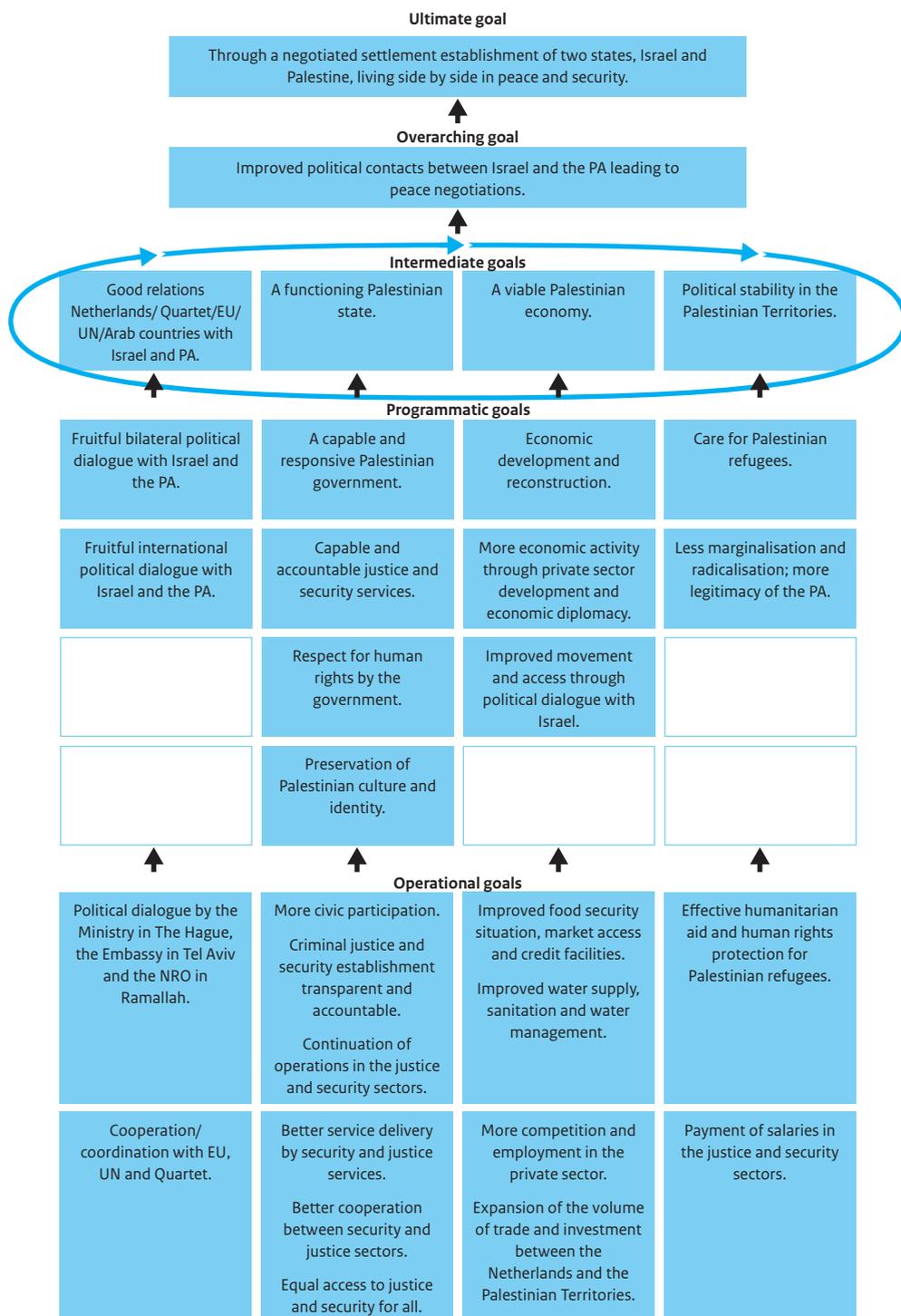
Source: Piramide, financial administration system of the MFA.

### 3.5 Summary of policy

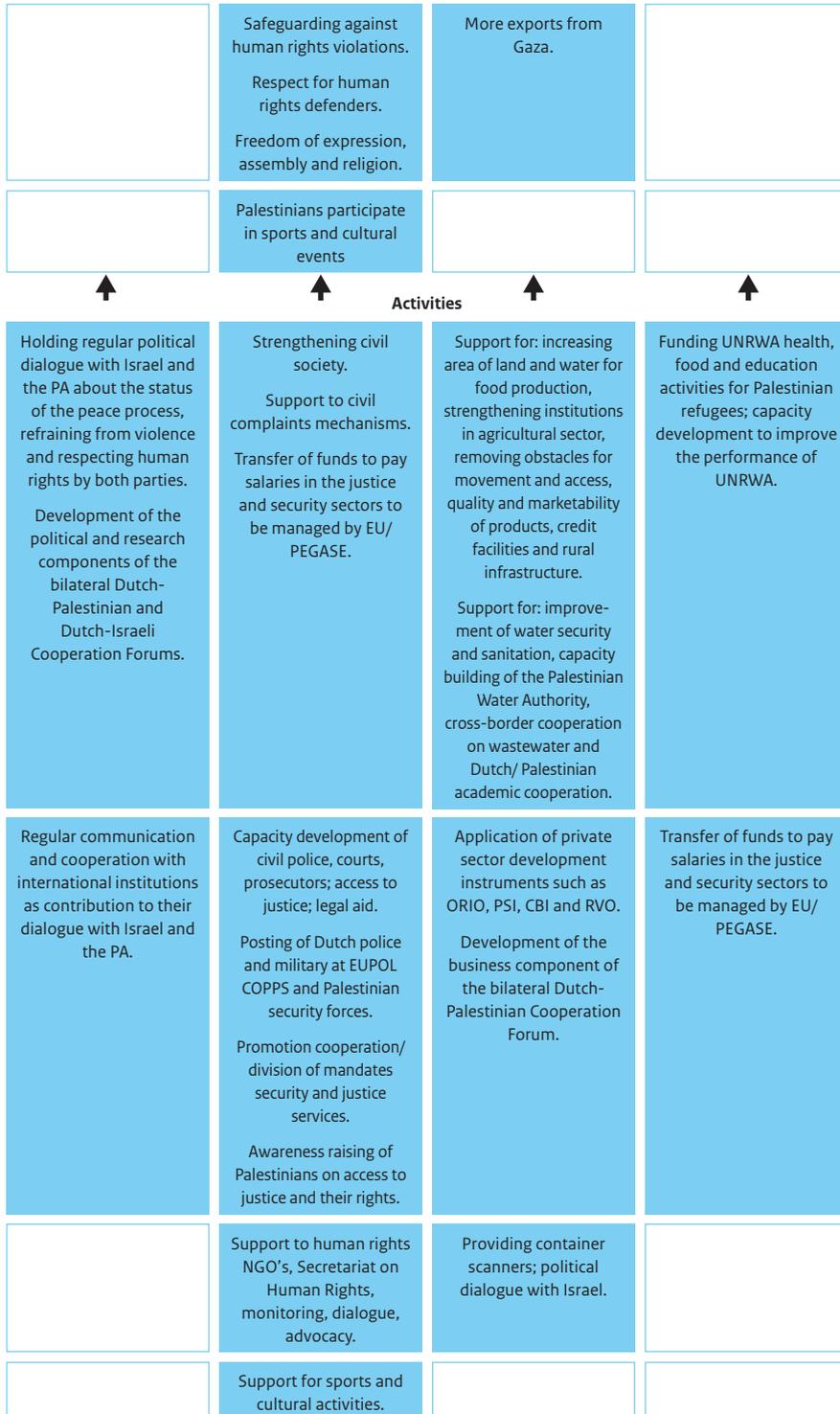
The policy intentions as described before are reflected in Figure 4. Different levels of goals are distinguished and a selection of key activities is added.<sup>134</sup>

<sup>134</sup> This summary is a reconstruction of Dutch policy in the PT, largely based on the MASPs 2008-2011, 2012-2015 and 2014-2017 and on inputs from the NRO and DAM/MFA.

**Figure 4** Summary of policy of the Netherlands in the PT



How to Break the Vicious Cycle



### 3.6 Conclusions

Dutch development policy for the PT was relevant to the general and thematic policies of the MFA that were developed from 1994 onwards. Policy shifts at central level were mostly reflected in the plans for the PT. In some cases it even looked as if central policies were inspired by the situation in the PT. This refers particularly to earmarked budget support for the PA. Prior to 1999, in central policies as well as in policies for the PT, emphasis was on themes such as education, health and the environment. After 1999, there was a shift in central policy towards economic reconstruction, good governance, human rights, peacebuilding, care for refugees and gender. This shift was reflected in policies for the PT as well. In the period 2007-2013, important central themes and themes in the PT were: security and development, the role of civil society, human rights, rule of law, food security, humanitarian aid and earmarked budget support. The political nature of development cooperation in the context of fragile states was recognised in both central policies and policies for the PT from 2008 onwards. After 2010, there was an increased emphasis on the promotion of the private sector and economic diplomacy in central policies. This shift was reflected most clearly in the last two MASPs for the PT.

In most of the central policies reference was made to cooperation with multilateral and private organisations. In the PT, many Dutch funded aid programmes were implemented by organisations like UNRWA, the EU and a variety of NGOs. Dutch development efforts were coordinated with such organisations as well. The MASPs did not always explicitly mention the arguments for cooperation with multilateral and private agencies. However, other sources referred to effectiveness and efficiency considerations in the case of cooperation with multilateral partners and to affinity of private organisations with Palestinian civil society and with the topics that are important in the Palestinian context.

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Dutch policy for the PT was also relevant to the Palestinian vision for the future and for its development plans. These plans focused on institutional strengthening and socio-economic development. Infrastructure was another priority of the PA, but the Dutch were less involved in this sector. In the PT, many infrastructural works are implemented with World Bank support. MASPs of the NRO were developed in consultation with the PA.

Besides sharing the ultimate goal of a two-state solution with the EU, the Netherlands contributed to compliance with the ENP principles of stability, good governance, security and well-being.

The ultimate goal of Dutch policy for the PT is the establishment of an independent Palestinian state, living in peace and security side by side with Israel. The Netherlands is aware of the fact that this goal cannot easily be achieved as this depends on many factors beyond its control. Despite this, it is good to have an ambitious goal and to aim for an ideal as a spot on the horizon. The Netherlands supports international initiatives to successfully conclude the peace negotiations between Israel and the PA and holds a bilateral political dialogue with both. The longstanding friendly relations the Dutch maintain with both parties allow for political openings, but the Netherlands, being a small country, is not in a

position to realise a breakthrough by itself. The USA and the EU are better positioned to do so. However, as said in the conclusions of chapter 2, the USA has been unwilling to put much pressure on Israel to be more serious about the peace negotiations and to relax the regime as occupying power imposed on the PT. The EU has to some extent used its influence to address the Israeli occupation but there was a lack of consensus among the EU member states regarding the most effective way to persuade Israel to relax the measures imposed on the PT. The EU did not optimally use its leverage as provider of extensive direct financial support through PEGASE DFS to accomplish reforms in the institutions of the PA.

Apart from investing in political dialogue, the Netherlands supported programmes in the PT aimed at strengthening Palestinian institutions and the economy and at promoting political stability. These are considered to be preconditions for peace and preparation for the situation once the independent State of Palestine will have been established. Institutional and economic development is also supposed to contribute to actual improvement of the political and socio-economic position of many Palestinians. Given the limitations as described, the Netherlands made strategically sound and relevant choices, keeping a good balance between an ambitious final goal and realistic intermediary and programmatic goals.





4

## The bilateral channel: economic reconstruction

## 4.1 Context

Economic growth in the PT declined from 11% in 2010 and 2011 to 1.5% in 2013, the lowest growth rate since 2006 and well below the population growth rate.<sup>135</sup> Growth is mostly limited to the services and construction sectors, whose outputs are not traded internationally. This concentration is unhealthy, because there is limited room for expansion and limited capacity for job creation and technological innovation.<sup>136</sup> The services sector accounts for 75% of Gross Domestic Product (GDP), the agricultural sector for 4-5%, the sector of light manufacturing for only 4%. Restrictions in movement, closures, tight control of permits by Israel and tax regulations constrain trade opportunities. In 2013, 60% of trade was with Israel, 76% of trade flows were imports and 24% exports.<sup>137</sup>

The private sector includes many small and medium-sized enterprises. Some large companies helped limit the deterioration of employment possibilities. However, the private productive sector currently remains at a standstill in Gaza. With only clandestine tunnels going into Egypt and one operational formal crossing (Kerem Abu Salem in Rafah), the people in Gaza were vulnerable to fluctuations in food and fuel prices and to sudden, prolonged closures. Access to electricity is the top constraint for business in Gaza, while on the West Bank it is water shortage. Power cuts, unreliable access to raw materials and the restrictions on exports of agricultural products create obstacles for development of the productive economy. The disconnection between the West Bank and Gaza and the fiscal crisis of the PA provided limited space to a vibrant economic sector. The economic fabric, particularly in Gaza, is at risk of becoming permanently damaged.

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Despite its decreased relative weight<sup>138</sup>, the agricultural sector plays an important role in improving the well-being and livelihood of Palestinians. The production of agricultural goods supports the population's sustenance needs and fuels the export economy. The sector suffers from blockades to exports and imports, confiscation of land for nature reserves and Israeli military and settler attacks, confiscation and demolition of wells and physical barriers within the West Bank. Due to the occupation and settlement construction, the economy lost access to large parts of the West Bank, to groundwater and grazing lands. The cultivated area shrank by 30% from 1965 to 1994.<sup>139</sup> Because land is at the root of the conflict, the disputes between Israel and the PT are well-manifested in the agricultural and water sector. In 2013, the food insecurity rates were 57% (Gaza) and 19% (West Bank).<sup>140</sup> Food insecurity is slightly higher for refugees on the West Bank and slightly lower in Gaza (thanks to extensive assistance). Most of food insecurity is not due to lack of food availability in the market but to inaccessibility because of lack of income.<sup>141</sup> Unemployment and food insecurity go hand in hand.

<sup>135</sup> UNCTAD, 2014.

<sup>136</sup> Ibid.

<sup>137</sup> Ibid.

<sup>138</sup> Its share declined by 72% since 1994.

<sup>139</sup> EWASH, 2013; UNCTAD, 2014.

<sup>140</sup> PCBS, FAO, UNRWA and WFP, 2014.

<sup>141</sup> Browne, S., et al., 2013.

## 4.2 Dutch support

Dutch support for the sector of economic reconstruction largely focused on agriculture. After 2012, support for the water sector and private sector development became more prominent. Since 2004, the Netherlands has supported Palestinian farmers by contributing to acceptable life conditions on the one hand and to peacebuilding on the other. The Netherlands wished to contribute to a situation in which the Palestinian people have access to sufficient, safe and nutritious food, while Palestinian farmers, including smallholders, have the capacity to compete with their products in national and international markets. The main partner for the implementation of the Dutch-funded interventions between 2008 (and before) and 2012 was the Palestinian Agricultural Relief Committees (PARC), a national NGO. Since 2012, the Food and Agriculture Organisation (FAO) and the Union of Agricultural Work Committees (UAWC) took up the role of main partners. About EUR 49 million was spent in the economic reconstruction sector, representing about 24% of the aid provided in 2008-2014. Out of the 23 funded interventions in this sector, eight were sampled for the evaluation, comprising about EUR 27 million or 55% of all sector funding and a 35% share of the total number of interventions.<sup>142</sup>

### Box 3 Evaluated projects in the economic reconstruction sector

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- ‘Improving Livelihood in the Occupied Palestinian Territories’ (Land Development II and III) projects enabled farmers to improve their access to natural resources through rehabilitating agricultural roads, introducing water harvesting techniques and land development. The interventions were founded on a community-based approach. The Netherlands provided funding for rehabilitation and infrastructure works while farmers committed themselves to follow up with productive activities on their land;
- ‘Enhancing Palestinian Farmers Preparedness for Exports (EurepGap, 2008-2009)’ and ‘Improving farmer’s capabilities in production of export crops (GlobalGap, 2009-2013)’ aimed at enhancing farmer’s preparedness for exports and improving their capacities through certification in order to meet the GlobalGap standard requirements, enabling them to compete on the international market. The programme also explored ways to reduce water consumption for the fruits and vegetables production, particularly in water-scarce Gaza, through diversification of crops and more water efficient production techniques;
- In order to reduce obstacles to trade and increase the competitiveness of Palestinian products, in 2013 the Netherlands donated *one container scanner* to the PA for the Allenby Bridge (West Bank - Jordan) and another one for the Kerem Abu Salem (Gaza-Israel) border crossings which will allow for the containerisation of Palestinian trade;

<sup>142</sup> See Annex 1 of the ToR for the Evaluation of the PT. The provision of scanners was classified under ‘security’ in the ToR, but because they have more significance in relation to ‘economic reconstruction’, they are discussed in the present section.

- The 'High Value Crops' (HVC) Project, building upon the GlobalGap and Cash Crops projects, aimed at ensuring that the farmers in the West Bank and Gaza, including smallholders, have the capacity to sustainably compete with their products on national and international markets through an improved production chain and improved capacity of all stakeholders involved in the production chain. This project is ongoing;
- The 'Gaza Buffer Zone' (GBZ) project focuses on 150 farmers and their families in the Bedouin Village of Umm an-Nasser in northern Gaza. The village lies in the vicinity of the security barrier separating Gaza from Israel. The objective was to provide the community with improved access to and use of land and water resources in the Buffer Zone by rehabilitating 300 *dunam* (acre) of land and to use this area for food production.

### 4.3 Relevance

#### *Relevance to the needs of the Palestinian people*

The projects were consistent with the Palestinian development and reform plans and the goals set for the agricultural sector by Palestinian CSOs. However, they were only partially responsive to the needs of all Palestinian people. Although production for the local market contributes to food security of the Palestinian people in general, poor farmers hardly benefitted from the HVC project and export of products. The latter aspect also applies to most other farmers: trade restrictions reduce the possibilities to export larger quantities of agricultural products. The conditions at the borders with Israel are not beneficial to the condition of the products to be exported either. These circumstances reduce the profit margins for the Palestinian exporters. Improved access to land as aimed at in the GBZ project is also important for the Bedouin communities, but agricultural practices do not match well with their culture and practice.<sup>143</sup> Addressing the needs of women is integrated in the projects and relevant, but the choices made were not always suitable.<sup>144</sup> Community needs were identified in the planning phase and described in a baseline study that was conducted before the start of the projects.<sup>145</sup> One aspect that was missing was a conflict analysis. In the second part of the evaluation period, more emphasis was put on land development in Area C, which represents a potential for the development of the economy, yet one that is strongly impeded by access and movement restrictions. The container scanners are also relevant to Palestinian needs and are repeatedly requested from donors by the PA as they may increase export opportunities of goods across the border<sup>146</sup> while simultaneously addressing Israel's security concerns.

<sup>143</sup> MDF, 2015, pp. 17-18.

<sup>144</sup> *Ibid.*, pp. 18-19. E.g.: in the HVC project, women cooperatives are involved in food processing and marketing, but most of them are only loosely connected to HVC producers.

<sup>145</sup> Wyemenga, P., et al., 2006.

<sup>146</sup> Palestinian National Authority, 2011, p. 3.

### *Relevance to the intermediate goals*

The programmes were relevant to the achievement of a viable Palestinian economy as they addressed some of the related objectives identified in the MASPs such as access to land and water for food production, access to markets for farmers, competitiveness of agricultural products, good marketability of horticultural products and increased transport of goods. However, as said, the benefits of the projects did not reach all Palestinians to the same extent and export was hampered due to unfavourable terms of trade.<sup>147</sup> Institutional capacity development of the government as a contribution to establishing a functioning Palestinian state was a less prominent objective, as most extension services were provided through NGOs. However, a capacity development component was present for staff of the Ministry of Agriculture (MoA), but without clear links to other activities.

### *Consistency with Dutch sector development policy*

The funded projects were in line with Dutch policy for agriculture, rural economic development and food security in various respects, such as increased agricultural production, access to markets and food security, use of Dutch expertise regarding agricultural crops and water and public-private cooperation. Although in designing the projects there was a drive towards innovation, the projects' design did not provide for a clearly developed, full-fledged strategy on how to spread innovations to the majority of farmers. The scanners are also consistent with Dutch (peace) policy, as in principle they contribute to the establishment of trust between Israel and the Palestinians and support the PA in developing a viable economy.

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### *Adequacy to the solution of the problems in the sector*

The final assessment of the EurepGap project concluded that the marketing strategy was insufficiently developed<sup>148</sup>. To improve the marketing component, PARC and NRO established contacts with some specialised partners such as Sinokrot. However, the price that Sinokrot offered to farmers for exporting their produce was too low to consider it a more profitable alternative to selling the produce on the national market.

The evaluation of the HVC and GBZ projects concluded that the goal of improving food security is not necessarily only related to production of food.<sup>149</sup> Other interventions such as more employment creation (generating income to purchase food), lobbying for lower consumer prices, inclusive policies or improved terms of trade may also contribute to the achievement of that goal.<sup>150</sup> Since the two projects mostly focus on improved food production and only partially respond to the needs of small farmers, it is to be questioned whether that approach is the most relevant one to address the problem of food insecurity.

The container scanners were planned as a technical solution for the need to increase economic activities in Gaza while safeguarding Israel's security. However, this was not sufficient to achieve those goals; preconditions such as changes in security check

<sup>147</sup> MDF, 2015, p.18.

<sup>148</sup> Activity Rating Document – EurepGap I.

<sup>149</sup> MDF, 2015.

<sup>150</sup> Many households produce agricultural products for their own consumption too.

procedures, condition of the infrastructure around border crossings and easing of restrictions to trade needed to be fulfilled as well. Although with the OQR activities were undertaken to negotiate these preconditions, this was not part of an intervention logic integrating equipment and processes; the project results were formulated mainly in relation to the procurement and delivery of equipment.

## 4.4 Effectiveness

### *Delivery of activities and outputs*

The implementation of agricultural projects was generally satisfactory; targets for activities and outputs were mostly met and in some cases exceeded.<sup>151</sup>

In Land Development II, 9 of the 10 sub-projects, mostly irrigation works, were completed successfully and some temporary employment was generated as well.<sup>152</sup> However, the components in Gaza could not be implemented as envisaged due to the Israeli military incursion. This was compensated for by the deployment of more activities on the West Bank.<sup>153</sup> Land Development Programme III (rehabilitating agricultural land and roads, establishing home gardens, building water works), exceeded the targets. The MoA provided some extension and technical support to beneficiaries, whereas partners and farmers received training and benefited from capacity building activities.<sup>154</sup>

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EurepGap and GlobalGap activities and outputs were successfully delivered as well. The projects provided a large number of farmers with information on export standards and good agricultural practices and the capacities of agronomists, quality control officers and extension staff were further developed. In the GlobalGap project the achievements were sometimes lower, but more often exceeded the targets.<sup>155</sup> Some specialised private sector partners were included in the programme, but the accreditation of the Palestinian certification body, the Company of Organic Agriculture in Palestine (COAP), was not fully accomplished during the project time span.<sup>156</sup>

In the HVC project, farmers and extension officers were trained, pilots with new crops undertaken, certification processes and the establishment of marketing mechanisms supported. The project also contributed to the improvement of the performance of cooperatives. Women's associations benefitted from equipment, training, development of business plans and visits to fairs. Activities to reduce the negative impact of high-value crops on the environment were mostly not yet implemented.<sup>157</sup>

<sup>151</sup> Desk review of programme documents and MDF, 2015, pp. 4-5, 24-31.

<sup>152</sup> Activity Rating Document – Ramallah Land Development 2 (16445), 2009.

<sup>153</sup> Ibid.

<sup>154</sup> PARC, 2009; 2012a.

<sup>155</sup> PARC, 2012b, table 4b.

<sup>156</sup> PARC, 2012b.

<sup>157</sup> MDF, 2015, pp. 28-31, 33.

The GBZ project was more or less successful in achieving the targeted outputs, although less land was reclaimed and fewer beneficiaries were reached than planned. The beneficiaries included a number of women. The number of persons that received skill training was much higher than targeted.<sup>158</sup>

Equipment installation and training on the operations of the container scanner, undertaken by the UN Office for Project Services (UNOPS) at the border crossing of Kerem Shalom / Karm Abu Salem, were completed and no major challenges were faced. However, the project experienced delays in the actual operation of the scanner. The installation of the other scanner at Allenby Bridge border crossing with Jordan suffered from various delays and is now foreseen to take place in September 2016 although the contract was completed in December 2012. This is due to delays in the building of the infrastructure at the border by the Israeli Government.

#### *Achievement of expected outcomes*

The Land Development II project successfully promoted agricultural development for farmers as a means of raising incomes and ensuring future food security. Targets concerning irrigation, drinking water, reclamation of land and improvement of skills were all exceeded. Due to poor rainfall, availability of water for domestic purposes fell short and increment of permanent jobs was limited. The Land Development III project also focused on better access to food through improved access to natural resources. All planned targets regarding increasing the area of agricultural land, production and irrigation and other water works were exceeded. The relevance of water interventions for agricultural activities was high. Farmers' skills improved through training and field visits and the organisation of farmers into cooperatives and non-formal groups was strengthened.

EurepGap helped improve the institutional capacity of the agricultural sector to educate farmers to meet international standards of quality production in order to assure their position in international markets. The wider impact at the level of the MoA extension service was not clearly demonstrated. Trained farmers became capable of exporting their products and new products were introduced. The quality of the products increased due to application of GlobalGap standards. In order to maintain Israeli and international interest in exports from Gaza, the border crossings with Gaza have to be opened. Various players involved in the marketing process, such as the Dutch government and the Israeli private sector, lobbied to improve the situation of the crossings. GlobalGap focused on increasing the profitability of Palestinian agricultural products and succeeded in this e.g. by introducing new varieties of tomatoes in the West Bank. Also, more strawberries and coloured peppers were exported. However, the goal to market 50% of the products under the GlobalGap trademark was not met, mostly due to export restrictions<sup>159</sup> and logistical obstacles such as the depletion of produce at border crossings.

<sup>158</sup> Ibid., pp. 4, 27.

<sup>159</sup> Permission for exporting vegetables was given in March when local market prices were higher than the export offered prices, which reduced the exported quantities.

The HVC project mainly reached medium-scale farmers, particularly on the West Bank, whereas small farmers were also targeted. The improved capacities of the farmers had a positive impact on the quality and safety of the products<sup>160</sup> and the production costs were brought down. However, export to international markets was not very successful yet. The programme therefore focused more on growing crops for local markets and local marketing was enhanced.<sup>161</sup> The effects of the project on the self-reliance of farmers are not yet clear and will depend on factors such as economic feasibility of products, quality of marketing strategies, vitality of cooperatives and opening of borders by Israel.<sup>162</sup>

The objective of the GBZ project, to improve the income of the Bedouin families by about EUR 1,500 per year, was by no means achieved. Although incomes increased by about EUR 350 annually, the land is being rented to other farmers at minimal prices. Women benefited from the project although mainly their sons participated in training.<sup>163</sup>

The objectives of the scanners have not been achieved in the period under review.<sup>164</sup> The border controls were not sped up for export of agricultural produce out of Gaza. Procedures are the same that were in place before the installation of the scanners<sup>165</sup>, due to security concerns, according to the Israeli authorities.

#### *Contribution to sector strategic goals*

The projects in the economic reconstruction sector contributed to achieving the strategic goal for the sector 'prevention of permanent damage to the agro-economic sector structure'. More limited results were achieved towards the other goals of 'improved access to financial services' and 'preservation and expansion of export opportunities'.<sup>166</sup> Some contributions were also made towards the strategic goal of 'sustainable food production' (e.g. through improved access to and use of land and water for food production). Only limited progress was made regarding the goal of 'access to markets'.<sup>167</sup> Many challenges remain towards attainment of these objectives. Some of these are: also reaching poor farmers, economic feasibility of certain crops, adequate marketing and branding strategies, strength of cooperatives, better gender mainstreaming and the political will of Israel to allow export of products.

Food insecurity is mostly related to lack of income. By providing jobs through development of agricultural land the purchasing power of unemployed increased. Food production and its quality improved through the development of home gardens and training. Another explanation for food insecurity is the dependency on imports from Israel and other

<sup>160</sup> A unique brand 'Palestine Crops' was established for crops produced; certified products are now marketed locally under this brand. Information NRO, October 2015.

<sup>161</sup> Information NRO, October 2015.

<sup>162</sup> MDF, 2015, p. 34.

<sup>163</sup> MDF, 2015, pp. 4, 33-34.

<sup>164</sup> But since the end of 2014, Israel allowed exports from Gaza to the West Bank and this has led to a significant growth.

<sup>165</sup> Information from NRO and farmers.

<sup>166</sup> MASP 2008-2011.

<sup>167</sup> MASP 2012-2015.

countries. Products are sometimes imported because consumers lack trust towards local crops. By increasing their quality, the EurepGap, GlobalGap and HVC projects addressed a precondition for greater consumption of local products. However, the access side of food security (affordable prices) was not equally addressed by the projects, which were mostly focusing on production.

Access to markets was fostered by increasing the capacity of farmers to compete on national and international markets through the introduction and application of the EurepGap and GlobalGap quality standards. The establishment and rehabilitation of packing houses enabled farmers to better preserve higher quality products that can reach end users without damage. The NRO and other actors maintained political pressure on Israel to reduce barriers to movement and access in order to facilitate exports. The value of exported high-value crops from NRO funded programmes almost tripled from 2013 to 2014.<sup>168</sup>

There were also some contributions towards the strategic goals 'people fulfil their needs for water' and 'more effective water governance'. Water works helped to reduce water loss, use irrigation water more efficient and cultivate larger agricultural areas. This made the agricultural sector more competitive but linking farmers and their GlobalGap-certified products to markets was not as successful as the improvement of the products as such.

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#### *Unintended effects*

The land development and EurepGap/GlobalGap projects provided financial support and subsidies to farmers and cooperatives. This is necessary when experimenting with innovations and given the situation of the farmers. However, it fuelled some dependency and expectation on continued subsidisation that made it difficult to start a phasing-out strategy under the successor HVC project.

Community contributions exceeded the targets, but many farmers who had invested in packing houses considered their investments as not cost-efficient: some packing houses lack processing lines for certain crops; the capacity is insufficient; the processing lines are focused on new crops while farmers are more concerned with processing already produced crops.

Construction of agricultural roads and water pipes did not only benefit targeted farmers but also the populations of entire areas; it enabled them to produce more for the local market and for their own consumption, thus contributing to improved food security.<sup>169</sup>

#### *Fiduciary mechanisms*

The available project documentation did not reveal irregularities in the management of the projects, and activities were implemented with minimal overspending or budget reallocation. Only in the Land Development II project there was an 11% budget deviation due to the Israeli military operations in Gaza.<sup>170</sup> This was communicated directly to the NRO

<sup>168</sup> Food and Agriculture Organization, 2014.

<sup>169</sup> Information NRO, October 2015.

<sup>170</sup> Project appraisal documents, progress and final reports of Land Development and EurepGap/GlobalGap; evaluation report of Land Development; financial audit of GlobalGap.

and activities were shifted to the West Bank. Other objectives and activities remained unchanged.

### *Explanatory factors*

Israeli occupation hindered implementation of the Land Development II and III, GBZ, HVC and Land & Water Resource Management (LWRM) projects by confiscation of equipment and stopping orders.<sup>171</sup> This led to delays and unforeseen expenses. In 2013, FAO and UAWC chose projects in the proximity of (designated) Israeli settlements and border areas in order to maintain the Palestinian presence on these lands, and to prevent a gradual take-over by settlers. These agencies and the NRO coordinated access and movement of goods and people, requests for permits and sometimes release of confiscated machineries with Israeli authorities.

The need to go through an Israeli exporting company and the complicated border procedures limited the marketing possibilities of the EurepGap and GlobalGap projects. This also applied to the HVC project, although the lack of vitality of the cooperatives also contributed to the disappointing results regarding exports of high-value crops.<sup>172</sup> The container scanners would help to simplify the border procedures, but this had not yet materialised in the period under review.

The institutional weaknesses on the Palestinian side also affected the projects to some extent. This applied e.g. to the quality of the MoA extension services which could have been caused by the unclear role of the MoA as a member in the consortium and the lack of a nominated programme coordinator. In the HVC project, extension officers of the MoA hardly provided training to farmers.<sup>173</sup> Moreover, the management of the Ministry and some extension officers did not like staff working under the supervision of an NGO like PARC.

A number of impediments also came from the Fatah-Hamas split. Projects in Gaza were designed differently from those in the West Bank. The Gaza programme aimed at maintaining the results achieved during 2007-2009, such as land reclamation, GlobalGap procedures and extension services. However, investing in a more market-oriented approach with certification processes and infrastructural/logistical enhancement was postponed until export opportunities were to improve.

The GlobalGap project was hindered by the Tuta Absoluta pest, and agricultural insurance systems are virtually non-existent and only affordable to well-off farmers. Several proposals on agricultural insurance were made and included in agricultural strategies, but without any concrete outcome so far.<sup>174</sup> In 2013 a big storm caused major damage to the infrastructure created by the GBZ project and the military operations in July 2014 led to a loss of crops and infrastructure throughout Gaza.<sup>175</sup>

<sup>171</sup> NRO Food security sector fiche 2014. The LWRM programme succeeded the Land Development II and III.

<sup>172</sup> MDF, 2015, pp. 29-30.

<sup>173</sup> Ibid., p. 28.

<sup>174</sup> State of Palestine, 2013 and Palestinian National Authority, 2010.

<sup>175</sup> MDF, 2015, p. 26.

Key success factors were the commitment and sense of responsibility of the implementing partners who encountered risks and showed the ability to mitigate them. Flexibility in plans and the availability of alternatives helped face the challenges. Furthermore, periodic meetings and sharing experiences contributed to enhancing institutional capacity and learning for all partners. In the HVC project, the sense of ownership of project activities by farmers contributed to progress. Capacity building in good agricultural practices in particular was highly appreciated and motivated the farmers.<sup>176</sup>

The commitment and support provided by the NRO was another key success factor recognised by partners and beneficiaries. The meetings of the consortium enabled timely sharing of information on obstacles and appropriate responses. This was mainly witnessed in interventions of the NRO, whenever the Israeli authorities issued restrictions or confiscation orders.<sup>177</sup> Without NRO's immediate intervention, such hindrances would have affected implementation more negatively. Despite this, NRO influence on Israeli politics is limited. Israel controls the use of container scanners; borders are closed at unpredictable times and on arbitrary grounds; work in Area C and the Gaza buffer zone is risky and full of uncertainty at all times.<sup>178</sup>

## 4.5 Sustainability

The dependence on Israel (export restrictions, closed borders, limited access and movement, confiscation, demolition) is the most critical factor influencing the sustainability of the efforts.<sup>179</sup> In addition, the military operations in Gaza created permanent uncertainty that discourages long-term investments on the part of the farmers.

Investments in capacity of individuals and cooperatives contributed to the sustainability of results. Involvement of farmers was promoted by requiring a financial contribution. In some cases, farmers increased their contribution. Strengthening cooperatives, building farmers' capacity to run them as a business entity and involving local communities in implementation gave beneficiaries a feeling of ownership and commitment.

In the EurepGap/GlobalGap projects the skills of the target group were enhanced and this promoted lasting behavioural changes regarding international quality standards. Many farmers continued with the certification after the termination of the programme and some of them have established contacts with new exporting outlets. Emphasis was also put on strengthening technical capacities of agronomists to undertake EurepGap training even after the project was phased out.

<sup>176</sup> Ibid.

<sup>177</sup> E.g.: NRO interventions regarding destruction of land reclaimed with NRO funding in Jourish (September 2012), demolition of a cistern in Al Khader (July 2012) and demolition orders of project-funded cisterns in Sair and Beit El (July-August 2012). See also MDF, 2015, p. 35.

<sup>178</sup> MDF, 2015, p. 35.

<sup>179</sup> Ibid., pp. 43-44.

Ownership by local communities is critical for sustainable results. Despite a general sense of ownership among farmers and cooperatives there were also signs of disengagement and concern. Most of the cooperatives were not happy with the way the new HVC project was being implemented, particularly regarding the lack of involvement in decision making concerning new crops, packing houses, equipment, financial services and export strategies and the top-down approach of the implementing agency FAO. They had the impression they were being treated as mere beneficiaries rather than as partners. In the HVC and GBZ projects, farmers did not feel very confident about the extent to which their benefits and resource rights (such as access to land and water and fair prices), which are preconditions of ownership, would be assured.<sup>180</sup>

The structural cooperation with the MoA is a sustainability factor, as it ensures that results are consolidated in the context of building a future Palestinian State. This cooperation intensified during the second part of the evaluation period. The national strategy for the agricultural sector<sup>181</sup> contributes to better coordination and sustainability of the interventions. However, the role and capacity of the MoA in project implementation was challenged. The prevailing view is that the MoA should have a role in policy coordination, leaving the delivery of extension services to NGOs.

In the HVC and GBZ projects, maintenance of infrastructure such as roads, terraces and water works is a weak spot that threatens the sustainability of the achievements. Maintenance is the responsibility of local authorities and other stakeholders.<sup>182</sup>

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In all projects staff was trained on environmental impact assessment and they prepared reports on their activities related to environmental mitigation aspects. In the HVC project there is also attention for environmental sustainability, but so far little work has been done on ecological or organic farming.<sup>183</sup>

## 4.6 Coherence

### *Coherence of donor approaches*

The Netherlands has a recognised leading role in the agricultural sector and has been a key partner for the OQR's initiative to foster economic development through coordinated consultation with Israel and the PA. The balanced political position of the Netherlands in the conflict has been an advantage in this endeavour. Nevertheless, negotiations with Israel about export of agricultural produce progressed slowly.

<sup>180</sup> Ibid., pp. 41-43, 49.

<sup>181</sup> State of Palestine, 2013; Palestinian National Authority, 2010.

<sup>182</sup> MDF, 2015, p. 43; information NRO, October 2015.

<sup>183</sup> Ibid.

The sector is characterised by bilateral projects in which donors apply their own strategic choices.<sup>184</sup> The agricultural strategy of the PA does not indicate clear priorities in this respect. Donor coordination comprises of a forum for information exchange and more informal mechanisms. The Netherlands played an active role in donor coordination through frequent contact between NRO, other major donors and FAO. These contacts help to avoid duplications and to establish some cooperation on the ground.

#### *Internal coherence of Dutch policy*

Policy dialogue to enhance results of development interventions is a characteristic of the Dutch approach to the agricultural sector. Examples are the requests to Israel to allow trade from Gaza to the West Bank.<sup>185</sup> The Netherlands used its good relations with both Israel and the PA to facilitate project implementation while remaining faithful to its foreign policy position and it remained consistent with the joint EU position regarding for instance the two-state solution and the refocus of its programme on Area C. In the operations of the NRO, political activity and development programme are not separated; there is awareness of the political relevance of the assistance.

#### *Gender mainstreaming*

The contribution of women to the rural economy is acknowledged by the Netherlands and gender components are mainstreamed in the supported food security programmes. Land development projects paid attention to involvement of women in activities and some of the projects were especially targeted to women, for instance in home garden activities. Yet the approach is more consistent with the idea of women as a vulnerable group, rather than being characterised by gender awareness. Obstacles to participation for women and relations within the households were not addressed. Gender was not taken into account in the EurepGap/GlobalGap projects, but in the HVC project it was a point of attention and it led to the inclusion of women's cooperatives. The impact of this is unknown and some farmers' cooperatives were not aware of their inclusion.

## 4.7 Conclusions

The PT faces a difficult economic situation. The economy largely depends on the services sector. Agriculture and manufacturing are only small sectors. The trade sector is highly constrained as a result of the Israeli occupation and its effects. Employment opportunities are scarce and consequently income is low and food insecurity high. Poverty is widespread, not only among refugees but also among unemployed people, particularly young people. Employment creation in the agricultural and the SME sectors is required and obstacles for economic development need to be removed.

<sup>184</sup> E.g.: emphasis on livelihood support or value chain approaches; the extent to which farmers are subsidised; choices regarding implementing partners (e.g. FAO or NGOs).

<sup>185</sup> E.g.: DutchNews.nl, 2013.

The evaluation focused on the agricultural sector. Dutch policy to support Palestinian farmers as well as the dialogue with Israel aimed to remove export and other restrictions were relevant. Project implementation was mostly satisfactory but the achievement of goals showed mixed results. The strength of the Dutch support was that it represented a long-term investment that yielded results at various points of the value chain. Farmers were supported to improve their livelihood through land reclamation. More organised farmers learned to produce good quality horticultural products that meet international standards. Long-term behavioural changes regarding quality were induced. Efforts were made to enhance export opportunities of farmers and cooperatives and to stimulate the growth of their businesses. The commitment of implementing partners and the NRO contributed to the achievement of the goals and coherence was strengthened through frequent engagement with other donors. Cooperation with the MoA developed and some steps were taken in preparation of transferring responsibilities from development agencies to the MoA.

A major weakness of the programme was the dependence of some projects on Israeli export policies and other restrictive measures. Although the installation of a container scanner at Kerem Abu Salem was a good idea to reduce Israeli security concerns, in practice security check procedures did not change and export did not increase significantly in the period under review. The scanner was planned as a technical solution, whereas it mainly concerned a political problem. The Netherlands therefore negotiated with Israel on relaxation of the procedures. Political dialogue in combination with development interventions was characteristic of the Dutch approach in the agricultural sector, and although it did not always yield immediate results, it is likely to be the most promising approach.

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The prices paid for products that were actually exported were too low to be profitable. This calls for a different marketing strategy with other partners, willing to pay fair prices. As long as unrestricted export and fair prices are not guaranteed, a focus on export is risky. More production for the local market, as already happens in some cases, would be a suitable alternative until export conditions improve. However, whereas this would enhance food availability, the real problem is not availability but accessibility. Therefore, production of more food for the local market needs to be complemented by other measures, such as employment generation and lowering of food prices.

Dutch support helped prevent further deterioration of the socio-economic situation, but it did not contribute substantially to building a viable Palestinian economy. Many conditions related to the effects of the Israeli occupation need to be fulfilled to enable the economy to develop further.

Fiduciary mechanisms were built into the project designs. These mechanisms and the project documentation did not reveal irregularities in project management.



5

## The bilateral channel: governance

## 5.1 Context

Governance-related interventions are carried out in a complex political and institutional environment, characterised by many challenges, often related to the major binding constraints: the Israeli occupation and the weaknesses at the Palestinian side.

- Functioning representative structures are lacking. The Presidential term expired in 2010/2011 and the last elections for the PLC were held in January 2006 and won by Hamas. Since then no new elections were held. The Cabinet is bound by the PLC for decision-making on policy and strategy but the PLC has not convened since 2007 amongst others due to the imprisonment of a number of its members.
- The legal system is made up of laws established over the years.<sup>186</sup> It is being superseded and overridden by Israeli civil and military orders under the occupation. An integrated legal framework is lacking.<sup>187</sup> PA laws concerning investment and PSD are more developed, also due to donor assistance. Another important area is civil law, but family law is subjected to ecclesiastical courts. Despite reforms, Muslim family law is still very gender biased.<sup>188</sup>
- Justice sector institutions are basically trusted, but challenges persist. Most Palestinian households believe that rule of law institutions such as police, courts and public prosecution are to be trusted and legitimate and choose to use them to resolve disputes. NGOs are most trusted to provide legal aid services.<sup>189</sup> There is a gap between women's and men's access to justice. Formal justice is considered slow, which is a reason for avoiding the formal justice system. Palestinians are satisfied with the technical performance of justice and security institutions but less so with their integrity. Access to legal assistance is inadequate, which has negative effects on public perception.<sup>190</sup>
- Security institutions are both appreciated and mistrusted by the public. PA security forces have helped reduce crime and have inspired greater public confidence in the PA<sup>191</sup>, but the security cooperation with Israel is unpopular with the Palestinian public as the security forces are perceived to be an extension of the Israel occupation.<sup>192</sup>

<sup>186</sup> Ottoman law, British Mandate law, emergency regulations, Sharia, Jordanian law in West Bank and Egyptian law in Gaza.

<sup>187</sup> World Bank, 2009.

<sup>188</sup> Mir-Hosseini, Z., 2009.

<sup>189</sup> UNDP, 2012.

<sup>190</sup> Ibid.

<sup>191</sup> World Bank, 2009.

<sup>192</sup> Sabrien, A. and A. Tartir, 2014. E.g.: security forces can only move in Area C and to some extent in Area B in coordination with Israeli military forces and when these enter Area A to arrest people, the security forces withdraw despite the civilian and military control bestowed on them. Civilian police is looked upon more positively by the population.

- PFM is under development. Although under Prime Minister Fayyad (2007-2013) there was commitment to make finances more transparent, the lack of a functioning PLC and the powerful position of the Office of the President had negative effects on governance and accountability of the PFM system. Despite this, there was also progress in some indicators, whereas there was systemic weakness in others.<sup>193</sup>

## 5.2 Dutch support

The Netherlands supported projects in the security and justice sectors and funded municipal development activities. This included salary payments to justice institutions staff. Projects supported CSOs and justice institutions, with focus on public prosecution, better access to justice through fostering legal aid services and anti-corruption civil society initiatives. Moreover, contributions to local government projects were provided. The Palestinian Civil Police (PCP) received support for infrastructure and capacity building including oversight and accountability issues. The PLO Negotiations Department also received funding. Implementing partners included UNOPS, the UN Development Programme (UNDP), the EU, NGOs, Palestinian institutions like the Ministry of Finance (MoF) and the PCP. About EUR 83 million was invested in 43 interventions, representing 40.5% of the aid provided in 2008-2014.<sup>194</sup> 13 projects were sampled for the evaluation, comprising about 72% of sector funding and 30% of all projects. These 13 projects are listed in Box 4.

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### Box 4 *Evaluated projects in the governance sector*

- Access to Justice (A2J) and Strengthening the Rule of Law for the Palestinian People, also funded by Canada, Sweden, Japan, Luxembourg and UNDP and implemented by UNDP, in 2008-2011 and 2012-2015 (2 projects);
- Programme Fund to support the development of the PCP. Specific projects were funded by the Netherlands and implemented by UNOPS, the EUPOL COPPS mission and the PCP in 2009-2010 and 2011-2013 (2 projects);
- Community Development Stability Fund (CDSF), implemented by the Municipal Development & Lending Fund (MDLF) in 2008-2010 (1 project);
- Emergency Municipal Services Rehabilitation Project II (EMSRP II), also funded by Sweden, Germany, Denmark, the World Bank and implemented by MDLF in 2007-2011 (1 project);
- Dutch contribution to the Direct Financial Support programme, funded through the EU PEGASE, earmarked to the payment of salaries in the justice sector, and implemented by the Delegation of the European Commission in Jerusalem in 2008-2013 (7 projects).

<sup>193</sup> World Bank, 2013.

<sup>194</sup> See Annex 1 of the ToR for the Evaluation of the PT. The provision of scanners was discussed under 'economic reconstruction'.

## 5.3 Relevance

### *Relevance to the needs of the Palestinian people*

The justice projects responded to pressing needs for better and more accessible justice services. The projects were based on needs analyses and public opinion surveys<sup>195</sup> and they focused on aspects of the justice system that had received little attention from other donors. The needs of CSOs were addressed because the A2J project (serving CSOs) offered the opportunity to provide legal aid services more systematically than NGOs had been able to.<sup>196</sup>

The security projects, support to the PCP, were relevant to Palestinian needs because they helped the PCP reach its objectives of maintaining safety and security for citizens, reducing crime and securing public confidence in the rule of law and the police. They also addressed physical needs of the PCP, including vehicles, communications and office equipment and infrastructure repair.<sup>197</sup> Support to both the justice system and the PCP was consistent with Palestinian development plans.<sup>198</sup>

The objectives of the two municipal projects were to consolidate stability and to improve the living conditions at the local level through delivery of municipal services, socio-economic development activities and temporary job creation. The motivation for Dutch support seems to have been mainly political (i.e. contribution to stabilisation of the concerned area under the PA); there were no clear links with local (government) development support strategies, also because local government was not a sector of focus of the Netherlands. The relevance of these projects to local needs was their engagement in service delivery, socio-economic development and job creation.

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### *Relevance to the intermediate goals*

The intermediate goal pursued by the governance sector projects is a functioning Palestinian State. The objectives of the sampled projects were consistent with this goal. The A2J project focused on the gradual preparation for a future State of Palestine as envisaged by the PA in 2009.<sup>199</sup> As the separation between the justice systems of Gaza and the West Bank is one of the main challenges to building the state, the Dutch contributions to address that challenge were relevant.

The existence of a well-organised and accountable PCP is crucial for the credibility of the state; therefore the support for the development of the PCP was highly relevant to the intermediate goal.

<sup>195</sup> UNDP/PAPP 2009, p. 8.

<sup>196</sup> Buttu, D., 2011.

<sup>197</sup> Activity Appraisal Document EUPOL COPPS Programme fund, p. 2.

<sup>198</sup> Palestinian National Authority, 2007 and 2011.

<sup>199</sup> Palestinian National Authority, 2009. Simultaneously, immediate solutions to unjust situations were offered.

By supporting municipalities in delivering services, the projects pursued the objective of ‘a capable and responsive government’, one of the criteria for a functioning Palestinian State. However, municipalities are distinct from the PA and sometimes compete for fiscal revenues. Therefore, supporting the development of local governments is not per se conducive to the establishment of a state.

#### *Consistency with Dutch sector development policy*

The interventions incorporated key elements of the Dutch governance policy. For instance, the PCP project was relevant for greater transparency and accountability, as indicated in the MASPs. The requirement for budget support to be earmarked for specific sectors was met in the case of PEGASE, where the justice sector was chosen. Capacity building was performed within judicial institutions and the police. There was attention to democratisation and good governance in the first period of the evaluation and later there was more attention for rule of law, justice and security, following Dutch sector policy trends. Furthermore, constant attention was given to anti-corruption.<sup>200</sup>

#### *Adequacy to the solution of the problems in the sector*

The objectives of the A2J projects were generally relevant, but the activities chosen to address them were not always relevant. In some cases this was due to the limitations of a technical approach, while political will was also necessary. The legal aid activities were adequate to address the needs, but the cooperation between the three judicial institutions was insufficient to address the problem of competition between them. Likewise, several pieces of legislation were drafted to address human rights issues, but not signed off by the President. Interviewees agreed that these issues should be solved at a higher political level, which would require a lobby strategy.

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In the security sector some infrastructural works interventions to support the PCP were not completely relevant.<sup>201</sup> Clear and objective criteria for their selection were not applied; their identification rather followed the requests of particular bodies of the PA.

In the MDLF projects, interventions such as paving roads or repairing water tanks are consistent with the quick impact purpose, but one of them, the Hebron Central Parking, was clearly too ambitious. The costs were much higher than planned and implementation was delayed.

<sup>200</sup> However, anti-corruption is better reflected in other projects than the ones chosen as a sample and in human rights projects.

<sup>201</sup> E.g.: choices made regarding the refurbishment of the juvenile police unit in Nablus and building a police station in Beit Leid.

## 5.4 Effectiveness

### *Delivery of activities and outputs*

The projects delivered most of the planned activities and outputs. The A2J programme provided free legal aid and awareness services to community members, training of lawyers and technical advice to PA institutions. It helped to create new laws, conducted a legislative review and a household survey on satisfaction in the justice and security sector<sup>202</sup> and supported digitalisation of the administration of justice. UNDP with the Palestinian Bar Association (PBA) were involved in implementation. The expected outputs of PEGASE, payments of salaries of civil servants in the justice sector, were delivered and made according to intentions.<sup>203</sup>

In the PCP support project, too, most of the planned outputs were delivered. Recipients, partners and delivery agency were satisfied with the quality of the outputs. These included refurbishment, procurement, training and institutional development of some police departments. Some of the activities were delayed for various reasons: late clearances from the Israeli, challenges of reaching consensus between administrations<sup>204</sup>, coordination and division or responsibility issues.

The MDLF projects delivered the outputs as well. CDSF completed road and water works. Central parking construction was completed, yet delayed due to the financial situation of the co-funder, the PA; municipal contributions solved this problem. Under EMSRPII, all 654 subprojects supported by the NRO were completed.<sup>205</sup> This involved improved roads, solid waste and electricity services, water supply networks and public facilities; more employment was created than targeted. In Gaza, restricted access to materials and fuels and the 2008 military operations slowed down implementation.

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### *Achievement of expected outcomes*

Reporting on the achievement of outcomes is not easy, because until 2012 neither donors nor partners paid much attention to results frameworks and baselines.<sup>206</sup> The interest for these aspects developed over time and most of the partners did some work, such as UNDP<sup>207</sup>, PEGASE and the PCP. The justice sector strategy now provides a number of indicators and the NRO has its own indicators, measured in 2012 and 2013 against a baseline in 2011. Within these limitations, the achievement of the expected outcomes can be reviewed based on existing evaluations and interviews with partners, beneficiaries and other informants.

In the A2J project the capacity of rule of law institutions was strengthened and their mutual relations improved. At local level A2J improved too, but quality enhancement and

<sup>202</sup> UNDP, 2014a.

<sup>203</sup> See also under 'fiduciary mechanisms' in this section.

<sup>204</sup> UNOPS, 2014.

<sup>205</sup> Municipal Development & Lending Fund, 2009.

<sup>206</sup> Business & Strategies Europe, 2012, p. 10.; Mansell, P., 2014.

<sup>207</sup> PCBS-UNDP, 2013.

sustainability of legal services in the West Bank were challenged. In Gaza thousands, mainly women, received legal aid and the satisfaction with its quality was high. UNDP contributed to the enhancement of gender and juvenile awareness in the Ministry of Justice (MoJ), but there is little evidence that gender and juvenile justice improved. UNDP also supported divorced women and juvenile detainees, introduced the concepts of legal aid and education in Gaza, helped bridge the gap between informal and formal justice systems and raised awareness of sharia courts. CSOs helped to enhance municipal governance and service delivery and improve rights of women and young people through advocacy.<sup>208</sup>

PEGASE's Civil Servants and Pensioners (CSP) programme succeeded in achieving its objective of enabling the PA to pay salaries and thus ensure the provision of basic services. The pressure on the PA's budget was decreased and the CSP allowed the PA to maintain direct contacts with Gaza. The interventions of PEGASE complementary to direct financial support contributed to the revision of legal frameworks and institution building. The evaluation of 2015 concluded that interventions should be linked to a performance framework and should inform the policy dialogue to ensure adherence to the PA reform priorities and coordination with other donors' interventions.<sup>209</sup>

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The PCP projects achieved the best results in the IT area; the police database is a useful tool to track and follow-up incidents and to produce statistics. The refurbishment of juvenile police units had limited impact on the application of women's and children's rights standards such as sufficient space. Most of these standards were not met.

The MDLF project of CDSF in Jenin achieved the stabilisation outcome and the population benefitted from improvements to road and water infrastructures. Job creation was temporary and has neither strengthened the municipality nor generated permanent employment. In Hebron, the goal of stabilisation was missed at the time of implementation, as the central parking was completed long after the project ended. The Hamas local government eventually used municipal resources for its completion. The municipality now uses the parking for ordered accommodation of taxis and better control over licenses and taxi drivers. In Gaza, the EMSRP II project allowed municipalities to continue to exist under the difficult conditions created by military operations, indicating the achievement of the stabilisation outcome. However, such stabilisation is extremely precarious in light of the subsequent developments in Gaza.

#### *Contribution to sector strategic goals*

There were no significant changes in 2011-2013 regarding the extent to which security sector institutions provided services that serve the needs of society. Indicators used were satisfaction and complaints of the people.<sup>210</sup> Complaints against security forces concerning torture increased, which was attributed to a decrease in political oversight over security

<sup>208</sup> UNDP, 2014a.

<sup>209</sup> EPRD, 2015, p. 21.

<sup>210</sup> The results were measured by NRO starting from 2012 against a baseline of 2011. The indicators reflect the limited availability of national data.

agencies due to the difficult Hamas-Fatah relations.<sup>211</sup> However, progress was made regarding the development of a functioning security sector and regarding accountability of the PCP. An Inspector General was appointed to investigate complaints against the security forces and confidence in the PCP increased among women and young people.<sup>212</sup> These results are attributed to activities of CSOs that were supported by the NRO.

In 2012-2013, some progress was made concerning provision of services by justice sector institutions that serve the needs of society. Satisfaction of the population, confidence among women and the number of complaints were the indicators used. Development of a functioning justice system shows mixed results. Clear mandates for the judicial institutions (MoJ, judiciary and public prosecution) do not exist yet. However, a new strategic plan 2014-2016, with a clear results framework, was developed for the justice sector.

Finally, the indicators measuring accountability of justice sector institutions show modest progress. A complaints registration and follow-up mechanism was introduced in 2013. Legislation to protect corruption whistle blowers is in place and respected. The Palestinian Independent Commission for Human Rights (ICHR) publishes information on accountability in its annual report but the PA has not replied to this report yet.<sup>213</sup>

#### *Unintended effects*

There were no documented unintended effects in the A2J programme. This may have been caused by the broad scope and objectives of the programme that showed good awareness of potential negative impacts, specifically those related to the parallel judicial institutions in West Bank and Gaza. An unintended effect of the CDSF central parking project in Hebron may have been that the new Hamas local administration gained popularity after it took over the project using municipal resources. The Fatah local administration and the PA had failed to find sufficient funding to finish the project. A useful taxi facility is now in place.

#### *Fiduciary mechanisms*

Fiduciary risks were considered in project appraisals of NRO and staff in The Hague. International organisations known for their good control systems were responsible for implementation. No irregularities were reported in project documents or by interviewees. UNDP has various structures in place to counter corruption. An evaluation report on PEGASE stated that the quality control of inputs was of extremely high efficiency and quality. Annual audits were undertaken for every project; no irregularities were reported.<sup>214</sup> NRO appraisal reports of the PCP and MDLF projects assessed the risks of corruption to be acceptable due to the reputations of UNOPS and the World Bank.<sup>215</sup> An assessment of the

<sup>211</sup> ICHR, 2014.

<sup>212</sup> The PCP has the best image among the security agencies.

<sup>213</sup> ICHR, 2014.

<sup>214</sup> Business & Strategies Europe, 2012, pp. 10, 16.

<sup>215</sup> The World Bank, which has extensive fiduciary mechanisms in place, plays an influential role in management of MDLF.

MDLF EMSRP II project by Ernst and Young concluded that minimum requirements were met<sup>216</sup>; recommendations for improvements would be implemented.

#### *Explanatory factors*

The A2J project was affected by the occupation. Many Israeli laws do not comply with international human rights standards. For cases brought under Israeli law the prospects of securing justice for Palestinians were slim, especially when civil court cases were treated by Israeli military courts.<sup>217</sup> In the PCP projects the requirement of Israeli permits formed an obstacle and caused delays. The restriction on movement of people and goods into Gaza after the 2008 military operations affected the implementation of the MDLF project.

The Hamas-Fatah split had negative effects on some of the projects to support justice institutions. Their limited coverage was due to the existence of parallel institutions in Gaza. Support for unification of these institutions did not progress because the reconciliation process stagnated.<sup>218</sup> Difficulties with the set-up of a national consensus government contributed to the rivalry between the three main judicial institutions.

The approval of laws initiated under the programme was delayed because of lack of presidential sign-off.<sup>219</sup> Corruption in judicial institutions and line ministries undermined one of the purposes of the project, i.e. restoring public confidence.<sup>220</sup> The bad financial situation of the PA prevented co-funding of the Hebron central parking project. This was also caused by Israel's refusal to transfer tax revenues. And despite the PEGASE contribution, in some cases salaries of civil servants were not paid fully and on time. The weak capacity of the PA played a negative role. For instance, it led to delays like in the MDLF projects. These were caused by a lack of coordination between various institutions of the PA.<sup>221</sup> Unclear division of responsibilities between UNOPS and EUPOL COPPS caused some hurdles in the execution of the PCP project.

The patriarchal nature of the Palestinian society is another obstacle to establishing equal access to justice, especially for women.

The increase of prices of construction materials in the EMSRP II was caused by the fluctuation and devaluation of the dollar.<sup>222</sup>

A success factor in A2J was the participation of motivated and competent CSOs, whereas involvement of beneficiaries through community consultations contributed to the achievements of the MDLF and PCP projects. A strong and committed programme management in West Bank and Gaza was also important for the achievements.

<sup>216</sup> BEMO EMSRP II, Activity number 15570, p. 11.

<sup>217</sup> UNDP, 2014a, p. 39.

<sup>218</sup> Ibid., p. 37.

<sup>219</sup> Ibid., p. 50.

<sup>220</sup> Ibid., p. 15.

<sup>221</sup> Municipal Development & Lending Fund, 2010.

<sup>222</sup> Municipal Development & Lending Fund, 2009.

Dutch active involvement in donor meetings and work groups had a positive influence on the coordination of sector projects.

## 5.5 Sustainability

Due to the dependency on donor support of PA and CSOs, none of the projects are sustainable without continued international funding and institutional support. A2J shows more signs of sustainability than the other projects.<sup>223</sup> However, the lack of clarity on the mandate of the judicial institutions, the absence of a functioning legislative body and the current law approval procedure through presidential decree do not contribute to sustainability.

The financial support through PEGASE does not provide a sustainable solution for the financial needs of the PA. Yet, the contributing member states see no alternative if the option of the two-state solution is to be kept open. Therefore, there is no sign that the support will be withdrawn in the years to come, although there is a tendency to link the support to the improvement of the performance of the PA. In 2012, donors – through the Ad Hoc Liaison Committee (AHLC) – welcomed an understanding between Israel and the PA enhancing clearance revenue collection. This would contribute to a stronger fiscal position of the PA.<sup>224</sup> However, since then, Israel several times withheld tax revenues from the PA.<sup>225</sup> In 2013 the Court of Auditors recommended to PEGASE that donors should take action to induce Israel to adopt a more cooperative approach regarding clearance of revenues.<sup>226</sup>

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The capacity development activities of EUPOL COPPS in PCP may have long-term results and ensure better operation and maintenance of buildings. Sustainability of results in the security sector will depend on the ability of the MoI to coordinate donor support. For the PCP an important sustainability factor is better movement and access conditions in the PT. These would enable the police to travel more easily between cities and fewer local police stations would then be needed.<sup>227</sup> The MDLF projects were mostly emergency projects without great ambitions of long-lasting impact. However, as long as national policy-making on local government level is not prioritised<sup>228</sup>, these projects are not sustainable.

It was obvious that the type of support and the context influenced the levels of sustainability of some projects and that the lack of sustainability was not necessarily caused by weak project design.

<sup>223</sup> Focus group discussions with A2J funded organisations in Gaza.

<sup>224</sup> AHLC, 2012. The AHLC serves as the policy-level coordination mechanism for development assistance to the Palestinian people. It seeks to promote dialogue between donors, the PA and the Government of Israel. The AHLC is co-sponsored by the EU and USA; the UN, the World Bank and the IMF participate.

<sup>225</sup> Reuters, 2012; Los Angeles Times, 2014; RT Question More, 2014.

<sup>226</sup> European Court of Auditors, 2013, p. 34.

<sup>227</sup> Interview with OQR officer.

<sup>228</sup> Interview with Ministry of Local Government (MoLG) official.

## 5.6 Coherence

### *Coherence of donor approaches*

The Netherlands is co-chair of the Justice Sector Working Group and played an important role in coordinating donor harmonisation and alignment efforts with the PA, thus contributing to coherence of the programme. Examples are: systematizing and harmonising plans and activities in the justice sector, organising a conference on security and rule of law, activating the Justice and Security Implementation Committee, providing technical assistance and facilitating dialogue between donors and the PA on the strategies, promoting monitoring and evaluation by judiciary institutions, expressing concerns regarding such institutions and inquiring about follow up actions by the PA, and proposing the establishment of a committee to review the Judicial Authority Law, incorporating human rights, rule of law and governance issues as discussed between EU and PA.<sup>229</sup> The coordinating role was not easy, given the multiplicity of stakeholders and duplications of funding. Following a certain fatigue regarding the functioning of the working group, the frequency of official meetings was reduced. Today, more informal and frequent meetings with technical staff take place. The Netherlands also participated in the Security Sector Working Group, although not with similar intensity as in the justice working group. The NRO provided input on the Security Sector Strategic Plan.<sup>230</sup> This working group is dominated by the largest donors, and the possibilities for the Netherlands to have a real impact are limited.

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### *Internal coherence of Dutch policy*

The NRO participated as a single office in coordination activities in the governance sector. Yet, the current portfolio allocation to staff does not facilitate an integrated approach: one officer is in charge of rule of law, and another of human rights and political issues. The team did not have the chance to analyse the roles of the Embassy in Tel Aviv and the NRO and their coherence. Despite this, there are no signs of a lack of coherence in the examined projects.

### *Gender mainstreaming*

UNDP significantly advanced the MoJ's work on gender through the A2J programme<sup>231</sup>: UNDP experts trained MoJ staff to become responsive to gender issues; women were the primary beneficiaries of UNDP supported awareness-raising and UNDP helped the PBA in creating a network of women lawyers in the West Bank. Moreover, a Memorandum of Understanding was signed with the Ministry of Women's Affairs to combat violence against women; a gender justice expert was seconded to MoJ, the AGO incorporated gender elements in its plans and relations developed between the MoJ and the AGO on gender issues.

<sup>229</sup> Minutes Justice Sector Working Group, April 2008, March 2009, July 2009, June 2012 and December 2014 and Security Sector Working Group, June 2008 and October 2008.

<sup>230</sup> Fiche results Rule of Law and Security 2012-2013.

<sup>231</sup> UNDP, 2014a.

The MDLF, PEGASE and PCP projects did not mainstream gender issues into their design and implementation, although the PCP project EUPOL COPPS works according to a gender and human rights statement based on UN Security Council resolutions.<sup>232</sup> The number of female police staff increased from 270 to 290 between 2012 and 2013, which is also seen as a result of the secondment of a Dutch gender expert to the PCP.

## 5.7 Conclusions

The governance programme supported by the Netherlands focused on the development of better and more accessible justice systems, maintenance of security, municipal development and payment of salaries and pensions in the justice sector. The projects were relevant to the intermediary goals of state building and political stability and delivered most of the planned outputs. At outcome level, the results were largely satisfactory as well, although the justice and security system is not working perfectly yet. This is due to the complex political and institutional environment in which the interventions are carried out. The legal system is often overridden by Israeli civil and military orders. The integrity of security and justice institutions of the PA, including rivalry between the three main juridical institutions, is challenged by the population. Security institutions are seen as enforcers of the illegal Israeli occupation. Malfunctioning of democratic institutions and the powerful role of the President have negative effects on governance and accountability. Finally, the existence of parallel justice institutions in Gaza as a result of the Hamas-Fatah split complicated project implementation and the operations of the institutions.

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The main strengths of Dutch support to the justice and security sectors were its leading role in the Justice Sector Working Group, which contributed to coordination and harmonisation, and the Dutch engagement in constant policy dialogue with the judicial institutions. Funding of legal aid projects of NGOs and cooperation with motivated and competent project staff were strengths as well. The weaknesses mainly derived from the limitations encountered at the political level in both Israel and the PT. It became quite clear that a technical approach in the justice and security sectors would not be enough and that political will of the PA was also required to achieve the desired results. Reconciliation between Hamas and Fatah in Gaza would serve the purpose of establishing an undivided justice system. The Israeli Government needs to respect Palestinian law.

The support to the Palestinian security forces and earmarked budget support for the PA to pay salaries and pensions of (former) staff in the justice sector are both justified. However, there are some risks involved. The risk with regard to the security forces is that they are perceived to be an extension of the Israeli occupation, as the security cooperation is unpopular with the Palestinian public. The security forces and political leadership should clearly demonstrate the importance of this security cooperation for the stability on the West Bank and that preventing attacks on Israel is a critical condition for the two-state solution.

<sup>232</sup> EUPOL COPPS, 'Gender and Human Rights Statement', <http://eupolcoppes.eu/en/node/1116>.

Payment of salaries and pensions is to be defended from the point of view of support to otherwise poor (former) civil servants and of maintaining political stability. On the other hand, it also confirms the status quo and does not offer sustainable solutions.

The sustainability would increase if the PA were to raise more own income and gradually take over the responsibility for the payment of salaries and pensions. The lack of sustainability of some of the projects was thus primarily due to the nature of such projects and the context in which they were to be implemented, rather than to a weak project design.

The NRO and staff in The Hague considered fiduciary risks in project appraisals and all partners had strong fiduciary mechanisms in place. No irregularities were reported.





6

## The bilateral channel: human rights

## 6.1 Context

The human rights sector operates within a context of violations of international humanitarian and human rights law.<sup>233</sup> Until 1995, human rights defenders focused on issues related to the occupation<sup>234</sup> but since the establishment of the PA they have extended their activities to PA violations. 60% of Palestinian NGOs in the West Bank and 37% in Gaza engage in human rights activities.<sup>235</sup> Some Israeli human rights organisations work in the PT to protect Palestinians.

The human rights situation deteriorated during the evaluation period as a result of policies and practices related to the Israeli occupation – including Israeli settler violence – and to PA and Hamas government human rights violations which impact the lives of Palestinians in multiple ways.<sup>236</sup> Violations by the PA and Hamas governments, which have been aggravated by the Fatah-Hamas split, did not show overall improvement, but rather improved and regressed depending on internal political developments.<sup>237</sup>

The past two years have seen a significant increase in Palestinian fatalities in the West Bank as a result of violent encounters between Israelis and Palestinians. Israeli settlement expansion recorded a record growth increase in 2013<sup>238</sup> and forced transfer of Palestinians in Area C continued.<sup>239</sup> The Israeli policy of closure on Gaza and the tightening of restrictions from the Egyptian side are preventing Palestinians in Gaza and the West Bank from exercising many of their basic rights.

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Human rights NGOs are heavily dependent on external funding.<sup>240</sup> Documentation, advocacy and lobbying work is often combined with service delivery, as this is often more attractive to donors. This service focus resulted in increased competition for funding with the PA and among NGOs, which led to deteriorating relations and reduced focus on implementation. Lobbying and advocacy skills are yet to be improved and access to skills training is limited due to lack of financial resources.

Human rights NGOs in East Jerusalem have no Israeli governmental partner and use the international community and Israeli NGOs as an advocacy interface with Israeli authorities, but they maintain representation with the PA. The initial hostility of the Hamas authorities in Gaza towards NGOs has tempered over the past years, with NGOs reporting increased – and sometimes unwelcome – levels of contact.<sup>241</sup> Longer term policy reform and dialogue of

<sup>233</sup> Including threats to life, liberty and security, restrictions on access and movement of people and goods to and within the West Bank and Gaza, and risks of forced transfer.

<sup>234</sup> Interview with UNOHCHR.

<sup>235</sup> Costantini, G., et al., 2011.

<sup>236</sup> Rishmawi, M., 2012 and Annual Reports of the ICHR and selected press releases from PHROC.

<sup>237</sup> Both parties employ intimidation, detention and torture; space for political participation, activities of civil society, the press, the exercise of civil rights and the voices of opposition narrowed. Annual Reports of the ICHR.

<sup>238</sup> Peace Now, 2013.

<sup>239</sup> UNOCHA, 2014.

<sup>240</sup> Costantini, G., et al., 2011.

<sup>241</sup> USAID, 2014.

NGOs with the PA and Hamas authorities is impaired by the absence of a functioning legislative body and the paralysis of the legal reform process.

## 6.2 Dutch support

Dutch support focused on strengthening the human rights sector through capacity development, core funding to NGOs, reducing duplication of donor and NGO efforts and improving policy dialogue. The value and share of the portfolio was EUR 9.53 million or almost 4.5% of the overall portfolio for 2008-2014, comprising 21 projects. The vast majority of supported projects comprised core support to Palestinian human rights NGOs. Two projects of Israeli organisations engaged in human rights issues in the PT were also funded. The seven sampled Palestinian projects (seven project numbers; two projects) comprise about 67% of all sector funding and 33% of all project numbers:<sup>242</sup>

### Box 5 *Evaluated projects in the human rights sector*

- Human Rights and Good Governance Secretariat ('the Secretariat') I and II, core funding through a donor consortium of a group of human rights NGOs (2008-2014); three project numbers, funding: EUR 4.12 million;<sup>243</sup> The Secretariat aims to strengthen human rights NGOs and channels donor funds to them. It also provides legal aid and a policy dialogue platform for NGOs.
- ICHR, core funding through a donor consortium of a quasi-governmental organisation (2008-2014); four project numbers, funding: EUR 2.23 million.<sup>244</sup> The ICHR aims to promote human rights through training activities targeting security and justice personnel and NGOs. It monitors Palestinian authorities to guarantee their compliance with human rights standards and functions as a reference point for citizen's complaints.

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## 6.3 Relevance

### *Relevance to the needs of the Palestinian people*

The supported projects are clearly responsive to Palestinian needs. The successive Palestinian development plans see the future Palestine as a state that respects human rights and guarantees equal rights and duties for all citizens; partnerships with NGOs are also mentioned.<sup>245</sup> Human rights protection by government institutions is referenced in PA strategies for the governance sector. The ICHR is mentioned as an important institution that works in both the security and the justice sector.<sup>246</sup>

<sup>242</sup> See Annex 1 of the ToR for the Evaluation of the PT.

<sup>243</sup> Members are: Denmark, Sweden, Switzerland and the Netherlands.

<sup>244</sup> Members are: Denmark, Norway, Sweden, Switzerland and the Netherlands.

<sup>245</sup> Palestinian National Authority, 2007; Palestinian National Authority, 2011; State of Palestine, 2014a.

<sup>246</sup> State of Palestine, 2014b.

Sector goals reflected in NGO objectives and activities are supported by the funding approach of the Secretariat. Capacity building needs were identified in planning documents, but they were weak on context and stakeholder's needs analysis. This resulted in a lack of clarity of what was expected from NGOs in terms of proposals.<sup>247</sup> However, in 2014 the new structure of the Secretariat based its strategy on a consultative contextual and stakeholder analysis.<sup>248</sup>

#### *Relevance to the intermediate goals*

The Secretariat and the ICHR played essential roles in contributing to a more responsive government and more capable and accountable justice and security services, two key components of a functioning Palestinian State. A culture of accountability is promoted through support of NGOs that advocate freedom of assembly and expression and through monitoring and reporting on human rights violations, such as torture and unlawful detention for which the authorities are responsible.<sup>249</sup> The ICHR recommended non-application of the death penalty and has been monitoring the rights of vulnerable groups. A number of secretariat-funded NGOs focus on women's rights.

#### *Consistency with Dutch sector development policy*

The Secretariat and ICHR work with civil society and address themes highlighted in Dutch sector development policy such as women's and children's rights linked to peace and security issues, abolition of the death penalty, a ban on torture and the protection of human rights defenders.<sup>250</sup> Key human rights issues in the justice sector and reports of ICHR and EUPOL COPPS served as inputs for the political dialogue of the NRO with the MoJ and other PA counterparts.<sup>251</sup> The NRO also cooperates with EU partners in drafting statements on Israel's violations of international humanitarian law, e.g. concerning protection of the citizens of Gaza.<sup>252</sup> Dutch (prominent) membership of both consortiums is as such an expression of commitment to the development policy sector.

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#### *Adequacy to the solution of the problems in the sector*

Both projects deployed activities that were appropriate to the problems of the sector. Capacity development for NGOs in areas such as fiscal and project cycle management was carried out by the Secretariat, but the NGOs had mixed feelings about this assistance. More experienced NGOs were less satisfied with the content and timing as they require more specialised skills.

<sup>247</sup> Steering committee minutes, April 2013.

<sup>248</sup> The previous Secretariat (2008-2014), managed by the NGO Development Committee (NDC), transitioned into a new structure of a partnership of NIRAS / Birzeit University Law Centre with NIRAS as the lead in September 2014.

<sup>249</sup> ICHR Annual Reports 2008-2014.

<sup>250</sup> Al Haq, 2010.

<sup>251</sup> Interview with NRO staff. Some issues taken up with the PA were: torture by the PCP, freedom of speech and the death penalty.

<sup>252</sup> European Union, 2014.

ICHR fulfils an essential need for ordinary Palestinian voices to be heard and its trainings promote a much-needed awareness among security officials of their obligations under human rights law. However, given the context of the occupation, progress is necessarily incremental. Human rights activities alone cannot be considered adequate for the solution of all problems in the sector and there is no evidence of any structural improvements to the human rights situation.

According to larger NGOs, the consortium approach had reduced their transaction costs but their funding had been reduced, too, compared to previous bilateral arrangements. Smaller NGOs were not impacted in the same way.<sup>253</sup> The consortium approach allowed for some joint advocacy but policy dialogue within project activities was generally absent. The consortium approach provided financial stability for the ICHR. The coherence of the donor group, which is committed to the goals of ICHR, allowed for strategic collegial discussions.<sup>254</sup>

## 6.4 Effectiveness

### *Delivery of activities and outputs*

Both projects lacked results-based management frameworks with clear baselines. Causal links between broad goals and specific project objectives had not been defined. In particular, the response of duty bearers such as PA and Israel had not been linked to the results of project activities. As a consequence, while outputs to be delivered were often well-defined and measurable, it had not been specified how these would lead to achievement of the goals. The Steering Committees urged both partners to develop better results frameworks.<sup>255</sup> Progress was registered especially for the ICHR and the Secretariat developed a new results framework in 2014. However, it is still too early to assess results, as baseline studies still have to be carried out.

The Secretariat was successful as a grant management facility in channelling funds to NGOs.<sup>256</sup> It was less successful in delivering outputs in policy dialogue and capacity building. Besides criticism, the NGOs also highly commended the financial management training, which provided much needed strategic fiscal management and planning guidance.<sup>257</sup>

In Gaza, ICHR expanded its activities on monitoring prisons and detention centres after 2011.<sup>258</sup> It is also involved in coalitions and bodies dealing with HR issues, research, raising awareness and training. However, much of this training could have been undertaken by NGOs, with ICHR focusing on targeted security sector staff.<sup>259</sup> The non-application of the

<sup>253</sup> Interviews with Al Haq, WCLAC and WAFAC.

<sup>254</sup> Karlstedt, C., et al., 2013.

<sup>255</sup> Ibid. The evaluation says that, in view of these shortcomings, assertions on general impact are nearly impossible, and that ICHR should continue to develop long term strategies and a comprehensive results framework with clear indicators and baselines.

<sup>256</sup> From 2008-2014, the Secretariat supplied 42 NGOs with EUR 20.8 million for 137 core and project grants.

<sup>257</sup> Interviews with Al Haq, WCLAC and WAFAC.

<sup>258</sup> Complaints submitted to ICHR in Gaza increased from about 900 in 2010 to 1400 in 2011. See: ICHR, 2014.

<sup>259</sup> Karlstedt, C., et al., 2013.

death penalty since 2013 on the West Bank was attributed to the recommendations of the ICHR.<sup>260</sup> ICHR's decentralised structure with five sub-offices allows outreach to all areas; this is a strong point.<sup>261</sup>

#### *Achievement of expected outcomes*

Both projects met the objectives as stated in their planning documents. The Secretariat strengthened NGOs and ICHR contributed to the protection and promotion of human rights and consolidated its role as the national human rights institution.<sup>262</sup> It may be assumed that the increase in human rights violations by the PA and Hamas authorities is closely linked to regression caused by the internal political split. Nonetheless, despite this regression, a review of evaluations, partner reports and interviews suggests that project activities have strengthened human rights organisations and improved their ability to effectively absorb additional funds.

#### **Box 6** *ICHR and the Secretariat: achievement of expected outcomes*

ICHR became a reputable institution in the West Bank and Gaza and a key reference point for citizens' complaints related to human rights violations by the PA and Hamas. NGOs commend the work of ICHR and the staff of the UN Office of the High Commissioner for Human Rights (UNOHCHR) feels that it is ready to work on ensuring PA compliance with international conventions. ICHR also helps to keep human rights issues on the agenda and documented<sup>263</sup> and it is in high regard at regional and international level. There are some concerns on internal governance, such as the prolonged restructuring process and prioritising resources for areas where ICHR has comparative advantage, rather than trying to do everything.<sup>264</sup>

The work supported by the Secretariat impacted the lives of rights holders who were reached by NGOs. The Secretariat provided legal consultations, undertook legal actions and provided successful legal representation and advice to a large number of beneficiaries.<sup>265</sup> Core funding combined with project funding gave partners some financial stability and flexibility.<sup>266</sup> The consortium approach gave donors access to a wide range of perspectives on issues, trends and priorities.<sup>267</sup> The objective of policy dialogue remained unmet; although large NGOs have channels to the PA, donors and the international community, they have no access to the Israeli authorities.

<sup>260</sup> Ibid.

<sup>261</sup> See ICHR Annual reports 2011, 2012, 2013, 2014.

<sup>262</sup> This conclusion is based on evaluations and interviews with independent experts and NGOs supported by the Secretariat. However, a quantitative appraisal of progress is impossible, in absence of results based monitoring frameworks with indicators and baselines.

<sup>263</sup> Interview with NRO staff.

<sup>264</sup> Karlstedt, C., et al., 2013.

<sup>265</sup> About 20.000 legal consultations, 6.000 legal actions and 10.000 successful cases of legal representations for 27.000 beneficiaries. From: Secretariat data.

<sup>266</sup> E.g.: during the military operations in 2014 in Gaza, Secretariat supported NGOs collectively documented and reported on violations through a quickly processed grant.

<sup>267</sup> Consortium donor interviews.

### *Contribution towards sector strategic goals*

There was very little achievement of the sector strategic goals. Despite qualitative impressions in documentation that the respect for human rights had improved amongst PA and Hamas authorities, there is no evidence to support this. ICHR reports no improvement and even some signs of regression in the last two years on the indicator 'increase of complaints received'. These reports also indicate that the pattern of violations has remained the same over the years and that no PA or Hamas security officials were held accountable for the violations reported against them.<sup>268</sup>

A large amount of quantitative data of UN organisations and Israeli human rights NGOs show that Israeli human rights violations were sustained or have increased. E.g., demolition of donor-funded infrastructure in Area C increased by 31% in 2014; the number of people forcibly transferred from Area C increased by 20% and settlement expansion is increasing; imports into Gaza went down by 16% in 2013. Israel fails to comply with standards of international humanitarian law and the UN fails to enforce recommendations of fact-finding missions in Gaza and the settlements.<sup>269</sup>

It may be concluded that respect for human rights by duty bearers has hardly increased. However, without the efforts of NGOs and organisations such as ICHR, the situation would be have been worse and there are some positive developments at lower results levels, too. NGOs deliver thorough analysis and documentation of the human rights situation, providing a solid base for advocacy and lobbying work.<sup>270</sup> In 2013, President Abbas followed recommendations of the ICHR and others and prohibited torture, the death sentence and dispensation for alleged honour killers. Recent EU statements on human rights violations were stronger and member states became more visible in the debate.

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### *Unintended effects*

Positive effects to be attributed to the Secretariat included increased cooperation among human rights NGOs. In 2008, they revitalised the Palestinian Human Rights Organisations Council (PHROC), which has been conducting joint meetings and advocacy ever since.<sup>271</sup> Negative effects included increased competition for resources and enhanced donor dependency. Funding of large human rights NGOs declined compared to previous bilateral funding arrangements as a result of the consortium funding mechanism. Consequently, the NGOs engaged in additional fund raising, removing the focus from implementation.<sup>272</sup> The overall decline of development funding might also explain the decrease. The ICHR's dependence on donor funding is an unexpected negative effect. It is not in compliance with

<sup>268</sup> E.g.: in ICHR Annual Reports.

<sup>269</sup> UNOCHA, 2014; Peace Now, 2014; Falk, R., 2014. The increase in the number of registered violations may have been caused by more actual violations or by more complaints. Although we have no information on the numbers of complaints over the years, the substantial increase of registered complaints cannot exclusively be explained by better registration.

<sup>270</sup> Interview with staff of UNOHCHR.

<sup>271</sup> Sidoti, C. and H. Qazzaz, 2009. The NGOs wished to lead the sector in policy development and joint advocacy and did not see a role for the Secretariat in this.

<sup>272</sup> Interviews with Al Haq and WCLAC.

the Paris Principles and in the long run it poses a risk for ICHR and makes donors its steering body.<sup>273</sup>

#### *Fiduciary mechanisms*

Mechanisms to reduce fiduciary risks were built into the project designs. There was no evidence of irregularities. ICHR developed a risk management plan with detailed mitigation measures as part of its strategic planning process. Risks were identified for finance and corruption. In 2011, an internal auditor was appointed in ICHR who reports to the Board of Commissioners. External audits affirm that internal controls are strong. Authorisation thresholds for payments are reasonable. Auditor Ernst & Young reported that there are no major concerns with ICHR's accounting and financial management and that all external audits since 2009 had clean opinions.<sup>274</sup> The Secretariat is managed as part of the NGO Development Committee's (NDC) overall programme and has a separate bank account. In 2011, NDC appointed an internal auditor and PwC was appointed as external auditor in 2008. All audits for the evaluation period had clean opinions.

#### *Explanatory factors*

The occupation and the Fatah/Hamas split affected the performance of the projects in several ways. Paralysis of legal reform processes in West Bank and Gaza<sup>275</sup> and the weak capabilities of the PA created a legal vacuum impacting the work on longer-term policy reform. An effect was that ICHR's functions have not yet been regulated by law and lack the instruments to enforce access to information or locations where the PA or Hamas are unwilling to cooperate.

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The Fatah/Hamas conflict also complicated ICHR's operations in Gaza and influenced the response of both parties to citizens' complaints. The management of ICHR could resume its visits to the team and office in Gaza following lobbying work by the UNOHCHR with Hamas authorities.<sup>276</sup> In Area C, ICHR and NGOs have limited prospects to address violations as they have no governmental Israeli partners and face constrained access.<sup>277</sup> However, they have contacts with Israeli human rights NGOs that have access to Israeli media.

Although coordination mechanisms exist between the donors who fund both the Secretariat and the ICHR, there was no linkage with the Local Aid Coordination Mechanism (LACS). Opportunities for increased synergy between human rights and rule of law interventions were thus lost. Staff members of human rights NGOs and ICHR are extremely

<sup>273</sup> Karlstedt, C., et al., 2013, p. 13. The Paris Principles require that NHRIs like PHROC, are, as state bodies, funded by the state budget.

<sup>274</sup> In the 2009 audit, there were some issues that have since been addressed with new software and discussions with donors and the PA.

<sup>275</sup> The paralysis resulted of a non-functioning PLC. Israel arrested numerous PLC members, making a quorum impossible. Houk, M., 2009.

<sup>276</sup> However, ICHR is somewhat dependent on the good-will of security commanders and PA officials. Interview with UNOHCHR.

<sup>277</sup> NGOs in the West Bank have also constrained access to East Jerusalem and to communities in the Seam Zone.

committed to their work, which helps to explain why they are able to achieve their goals in such difficult operating circumstances.

There has been some reluctance of donors, including the Dutch, to engage in dialogue with human rights NGOs in a consortium framework because, while donors can be like-minded, their individual foreign policies may prevent joint advocacy initiatives towards the PA or Israel based on NGOs recommendations. The NRO engaged in bilateral dialogue on human rights issues with the MoJ and the PA, but there is little evidence of consortium-based dialogue towards the PA and Israel.<sup>278</sup>

The NRO led the ICHR donor consortium for most of the evaluation period. It facilitated permits for ICHR to Gaza and sundry correspondence, was involved in pressuring for more transparent selection processes for ICHR Commissioners<sup>279</sup> and helped streamline and refocus the ToR for the evaluation, which helped to provide a useful evaluation report in 2013. The NRO's commitment thus contributed to results in the human rights sector.

## 6.5 Sustainability

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Both projects are still ongoing with new funding commitments for another phase of activities. Norway will be joining the Secretariat. Longer-term sustainability for the ICHR is a current issue as the PA does not yet make regular annual contributions. As noted above, some larger NGOs see the current consortium funding approach as a mixed blessing. A recent independent study on the best use of core funding recommends a more flexible approach.

## 6.6 Coherence

### *Coherence of donor approaches*

The mechanism for donor coordination in the two consortia works well. Donors are strongly committed to supporting human rights work in the PT. The NRO played an active coordinating role by facilitating consensus. As explained, there is limited linkage of human rights projects to the LACS.

The existence of the two donor consortia is a good example of the coherent policy approaches of donors to the human rights sector. Some evidence of differences in donor strategies was noted in the Evaluation of ICHR<sup>280</sup> and highlighted during discussions on funding decisions of the Secretariat, but these differences have not impaired the smooth functioning of the donor consortia concerned.

<sup>278</sup> Karlstedt, C., et al., 2013.

<sup>279</sup> See minutes of ICHR donors meeting, December 2014.

<sup>280</sup> Ibid.

The pooling of funds has reduced duplication of donor efforts. The UNDP A2J programme funds the same partners as the Secretariat, but there is bilateral consultation (UNDP/Secretariat) during the process.<sup>281</sup> The ICHR implemented three projects supported by donors from outside the consortium. This created some concern among human rights NGOs who are already working with national coalitions on the same issues.<sup>282</sup>

### *Internal coherence of Dutch policy*

There was strong alignment between the human rights issues identified in ICHR reports and the messages delivered to the PA during visits of Dutch Minister of Foreign Affairs Timmermans in 2013, the visit of the Minister of Foreign Affairs of the PA to the Hague in 2014 and the visit of the Dutch Human Rights Ambassador to the PT in 2015. During the latter visit, the Ambassador met with some of the Secretariat partners whose messages were incorporated in the speaking notes of the Ambassador. Within the NRO, there is frequent and active exchange of information across portfolios, although the portfolio allocation to staff does not favour an integration of rule of law with human rights issues.<sup>283</sup>

When supporting NGOs working on human rights, the Netherlands was consistent with its policy of maintaining good relations with both the Israeli and the Palestinians. For instance, the NRO was always extremely alert towards any suspect of anti-Semitic attitudes amongst the funded organisations and punctually raised concerns in donor consortia whenever they appeared.<sup>284</sup> The Netherlands supported the idea of funding both Israeli and Palestinian organisations under the condition that they would use funding in the PT.

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### *Gender mainstreaming*

The Secretariat provided funding to nine NGOs focusing on women's rights (21% of funds). However, it did not include gender mainstreaming as a programming theme or an organisational gender strategy in grant proposals. The reporting does not include any sex disaggregated data either. The lack of a gender strategy may lead to not understanding the gendered impact of human rights violations and the way to address female victims in particular. The evaluation recommended that these issues be addressed as a matter of concern.<sup>285</sup>

Gender mainstreaming considerations are largely absent in the ICHR projects. Policy guidance on gender is required so that ICHR can mainstream gender in its approaches, build capacities and skills in gender analysis and equality and develop its own internal gender policy.<sup>286</sup> ICHR is currently building skills in monitoring gender-based violence through its project with UN Women.

<sup>281</sup> Interview with NDC.

<sup>282</sup> Karlstedt, C., et al., 2013.

<sup>283</sup> Interview with NRO staff.

<sup>284</sup> E.g.: Badil is an NGO supported by the consortium that published a cartoon based on an anti-Semitic stereotype. The consortium met at least eight times in the first five months of 2011 to discuss possible political difficulties for the donors and a letter was sent protesting against the publication of an article on the website of Badil written by a holocaust-denier. This led to the removal of the article from the website. See: Dammers, C. and A. Madi, 2011; an internal memo of the Secretariat drafted on 2 February 2011.

<sup>285</sup> Karlstedt, C., et al., 2013.

<sup>286</sup> Karlstedt, C., et al., 2013.

## 6.7 Conclusions

The strengths of Dutch support to the human rights sector include: core funding for partners to strengthen their strategic engagement; support for capacity development activities; willingness to lead a donor coordination mechanism; engagement in policy dialogue with Israel and the PA on human rights issues; commitment to build stronger linkages between human rights and rule of law interventions in order to promote coherence and greater impact.

Dutch support was responsive to the needs of the Palestinian population and in line with PA strategies for the governance sector. However, the PA itself violated international humanitarian and human rights laws. The same applied to Israel and Hamas. The supported projects were fairly effective at an operational level but the strategic goals were only achieved to a limited extent. The respect of PA and Hamas authorities as well as Israel for human rights did not improve and even deteriorated. However, without the efforts of NGOs and other organisations the situation would probably have been worse.

It was obvious that political dialogue with the PA and Israel would be required to convince them to respect human rights. But the dialogue of the NRO partners on human rights violations and longer-term policy reform with the PA were not successful. They were impaired by the absence of a functioning legislative body and the paralysis of the legal reform process. Dialogue with Israel did not materialise, as the Palestinian NGOs had no access to the Israeli authorities; they rather used the international community and sometimes Israeli NGOs as an advocacy interface with Israel. Together with EU partners, the Netherlands drafted statements on Israeli human rights violations. The NRO also engaged in a bilateral dialogue on human rights with the MoJ and the PA. However, there was little evidence of a dialogue towards the PA and Israel in a consortium framework although this would probably have made the efforts more effective.

The consortium approach had advantages, such as reduction of transaction costs and increased cooperation of human rights NGOs. A negative effect was that funding decreased compared to previous bilateral funding and that competition for funds increased. Since funding of service delivery activities is often more attractive to donors than funding of human rights projects, many NGOs decided to combine human rights and service delivery activities. This led to less focus on the implementation of human rights activities. Access to human rights lobby and advocacy skill training was constrained by lack of financial resources. Since the human rights situation is alarming, NGOs need to focus more on human rights issues and on improvement of their lobbying and advocacy skills.

Mechanisms to reduce fiduciary risks were built into the project designs. Internal and external audits were carried out and no evidence of irregularities was found.





7

## The bilateral channel: humanitarian aid

## 7.1 Context

The stalemate in the peace process, the occupation policies and the intra-Palestinian conflict resulted in a deterioration of Palestinian living conditions. The Israeli military operations in Gaza between 2008 and 2014 resulted in a series of humanitarian crises with significant loss of lives, shelter and service infrastructure. Political uncertainty, movement and access restrictions and a fragmented regulatory environment resulted in pervasive economic decline.

The most important humanitarian actors are UNRWA and the Palestinian MoSA. Both have substantial annual budgets for humanitarian work.<sup>287</sup> UNRWA supports refugees inside and outside the camps, while MoSA assists non-refugees and refugees outside the camps. There are other actors as well, such as UN agencies, international and local NGOs.

The West Bank and Gaza annually received about EUR 490 million of international humanitarian aid over the period 2002-2012; in 2009 the aid reached a peak of EUR 904 million. Humanitarian aid made up 35% of all ODA. Through Emergency Appeals (EA), UNRWA received about 20% of the total humanitarian aid; in 2009 this was 48%. Due to increasing humanitarian needs, funding – of UNRWA in particular – is insufficient to satisfy these needs. UNRWA evaluated its effectiveness, which resulted in better strategic planning and results-based management and piloted new approaches that are showing some evidence of decreasing food insecurity.<sup>288</sup>

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In 2008, the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) established the Humanitarian Country Team (HCT) to coordinate humanitarian response and access. Within the HCT an Advocacy Working Group (AWG) was established to coordinate advocacy, events and communication. Humanitarian experts harmonise their response in thematic groups. In 2009, LACS created a Humanitarian Task Force (HTF) to bring more synergy to humanitarian, early recovery and development work.

In 2011, all factors driving the continuing deterioration were brought together by UNOCHA. As a result, the humanitarian situation was articulated as a protection-based crisis, resulting from conflict and occupation, lack of respect for international law, absence of accountability and policies that undermine the possibilities for Palestinian communities to live normal lives. These factors influenced the humanitarian aid programming and advocacy responses of donors.

The EA process and prioritisation of projects was reconfigured in 2013. It was based on consultation with the HCT and the PA with the intention to support alignment with longer-term development strategies, to complement the NDP 2011-2013 and the United Nations Development Assistance Framework (UNDAF). In this process, strategic objectives and indicators were developed and the most vulnerable people and geographical areas where the PA has limited reach were identified. The period 2008-2014 thus was a period of transition and of policy shifts within the humanitarian community and UNRWA itself.

<sup>287</sup> UNRWA's budget for 2013 in the PT was about EUR 256 million. MoSA's budget was about EUR 300 million.

<sup>288</sup> DFID, 2015b.

## 7.2 Dutch support

Dutch bilateral support focused on food security, improved access to emergency health services, sanitation and shelter, protection, resilience building and early recovery. The humanitarian aid sector represents a 21% share of the overall portfolio, valued at EUR 43.55 million (2008-2014). Support was provided to six of the seven UNRWA EA for the West Bank and Gaza, covering food and cash for work assistance, emergency shelter, access to health and education services, protection, Unexploded Ordnance (UXO) education and management support. Support was also provided to other organisations, including the Netherlands Red Cross for access to emergency health services, the World Food Programme (WFP) for in-kind food assistance, PARC for local food redistribution from poor farmers and UNOCHA for the Emergency Response Fund (ERF). The sample for the evaluation comprised:

### Box 7 *Evaluated projects in the humanitarian aid sector*

Six UNRWA EA's representing EUR 25.85 million, which is almost 60% of the overall humanitarian portfolio and 33% of the 18 projects in this sector.<sup>289</sup> The main objectives were: preventing deterioration of food security, ensuring access to basic needs and services, promoting and protecting refugee rights and ensuring effective response implementation with relevant stakeholders.

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## 7.3 Relevance

### *Relevance to the needs of the Palestinian people*

The emergency appeals were well aligned with the three Palestinian development plans of the evaluation period. The first two plans were general in their depiction, giving priority to the provision of short-term humanitarian relief, but in the third plan explicit reference was made to working with UNRWA and the necessary integration of development initiatives and humanitarian support.<sup>290</sup> Palestinian CSOs recognise the essential and effective leading role of UNRWA in addressing humanitarian needs, identifying the lack of assistance as a pressing protection issue.<sup>291</sup>

UNRWA emergency appeal documents provide extensive context and conflict analysis, carefully distinguishing the situations in Gaza and the West Bank. The documents draw on socio-economic data and trends produced by leading organisations, including the World Bank, regular food security surveys carried out by a consortium comprising WFP, FAO, UNRWA and the Palestinian Central Bureau of Statistics (PCBS)<sup>292</sup>, and on data provided by their own Economic Monitoring Unit, which is based in the UNRWA Gaza Field Office.

<sup>289</sup> ToR for the evaluation of the PT, p. 17.

<sup>290</sup> Palestinian National Authority, 2007; Palestinian National Authority, 2011; State of Palestine, 2014a, p. 60.

<sup>291</sup> Reference was made to the funding crisis in UNRWA. Many refugees see this as a serious threat for political stability. PHROC, 2015.

<sup>292</sup> WFP, FAO, UNRWA and PCBS, 2011 and 2012.

### *Relevance to the intermediate goals*

Like a governmental authority UNRWA provides direct services, but through voluntary contributions rather than through taxation. The scope of UNRWA services is so extensive that a parallel, semi-autonomous state structure has evolved to administer them.<sup>293</sup>

However, the services that UNRWA currently provides to the refugees are likely to be transferred to the PA in a future peace agreement. Such services are being aligned with PA capacities and standards to ensure an efficient transition of responsibilities. This may eventually contribute to state building.

One of the outcomes of an organisational reform process in which UNRWA is engaged since 2005 is a new UNRWA strategic five-year plan (2016-2020).<sup>294</sup> In this plan, projected humanitarian interventions are integrated into the overall social services plan.

By mainstreaming its humanitarian response through its department of Relief and Social Services, UNRWA replicates the current PA structure, enabling a smoother transition for the future.<sup>295</sup> UNRWA also uses the same poverty assessment mechanism as applied by the PA MoSa and has improved its coordination with the PA.

UNRWA's continuing aid delivery is critical in providing local stability, which could be considered another precondition for regional stability. Refugees see the diminution of services as a threat and this creates civil unrest within the camps. Thus, funding UNRWA meets the goals of Dutch engagement to contribute to political stability, supporting the development of a functioning Palestinian state. However, UNRWA's prolonged involvement is also criticised for confirming the status quo by taking up responsibilities that should be carried by the PA or Israel, thus reducing the urgency to find more structural solutions to the refugee problem.

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### *Consistency with Dutch sector development policy*

The implementation of the emergency appeals shows great consistency with Dutch humanitarian aid policy. This policy included addressing acute emergency needs<sup>296</sup>, linking this to prevention and rehabilitation of refugees, contextualising the aid in terms of Dutch diplomatic, defence and development requirements, increasing use of local capacity, more attention for disaster prevention, less duplication and more coordination<sup>297</sup>, neutrality and free access to people affected by emergencies, greater accountability for results<sup>298</sup> and use of

<sup>293</sup> Refugees comprise 55% of the population of the PT. UNRWA provides health, educational and social services to the 19% of the refugees living in camps and emergency services to vulnerable refugees inside and outside of the camps. UNRWA provides food assistance to 900.000 people. UNRWA is the second largest employer in Palestine (16.000) local staff. See: UNRWA, 2012 and UNOCHA, 2015.

<sup>294</sup> This process, driven by donors, aims to develop a strategic framework which guides operational issues, resource management, decision making and other management issues. See: La Guardia, D., et al., 2013.

<sup>295</sup> UNRWA, 2015a.

<sup>296</sup> UNRWA, 2011 and UNRWA, 2014.

<sup>297</sup> E.g.: UNRWA is member of UNOCHA-led coordination clusters on water and sanitation, education, health, shelter, food security and protection; together with WFP, FAO and PCBS, UNRWA carried out food security surveys in 2011 and 2012; UNRWA participates in initiatives to avoid 'double dipping' by beneficiaries, but according to MoSa staff, UNRWA does not share its own information with them.

<sup>298</sup> UNRWA, 2014.

NGOs when the UN is not the suitable channel. However, the Netherlands consistently preferred UNRWA to other humanitarian actors, trusting its professionalism.

#### *Adequacy to the solution of the problems in the sector*

UNRWA deployed appropriate approaches to address the problems in the sector. Encouraged by key donors such as the EC, these approaches shifted to greater needs-based targeting in 2008.<sup>299</sup> The increasing focus on protection, support to temporary shelter in Gaza and better coordination in view of the contraction of funding all adequately address the needs in the sector. While coverage is wide, the impact on poverty reduction and food security is limited because of the small amounts of food or cash provided.<sup>300</sup>

## 7.4 Effectiveness

#### *Delivery of activities and outputs*

Activities and outputs delivered directly corresponded to the level of available funds.<sup>301</sup> Because of funding shortfalls at every emergency appeal, UNRWA had to prioritise its interventions in depth and scope against the results originally planned. Food security remained a top strategic priority throughout.<sup>302</sup> All planned activities under the emergency appeals were completed. Outputs of the food security component (84% of Dutch support) as reported in independent evaluations of the Cash for Work (CfW) and the e-voucher programmes were reasonable. These findings were triangulated with interviews and focus group discussions and confirmed.

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#### *Achievement of expected outcomes*

UNRWA's emergency appeal objectives of 'effective and coordinated response' and 'promoting and protecting refugee rights' were largely met and the objective of 'mitigating the deterioration of food security' only partially. This conclusion is based on independent evaluations and field-based interviews; UNRWA's own evaluation capability is still very limited. It is therefore relying on external data sources to assess its outcomes.<sup>303</sup>

The e-voucher strategy has improved the food security of Gaza households and it had striking effects on the local economy, with agricultural food processing and retail sectors increasing sales, enabling expansion of production and workforce.<sup>304</sup>

In contrast, CfW interventions did not impact levels of household poverty or food security. The programme targeted the poor, but the level of remuneration was too low and too infrequent to make a sustained difference. In addition, jobs in the context of CfW in the

<sup>299</sup> Grunewald, F. and V. De Geoffroy, 2009.

<sup>300</sup> This point will be further elaborated under effectiveness.

<sup>301</sup> Interview with UNRWA staff.

<sup>302</sup> E.g.: figures for 2011 show that only 40% of funding requirements were met, but food assistance still accounted for 45% of expenditures.

<sup>303</sup> WFP, FAO, UNRWA and PCBS, 2011 and 2012.

<sup>304</sup> DFID, 2015a.

camps were often already part of UNRWA's routine services, such as sanitation work, suggesting that another objective of the programme was to supplement UNRWA staffing cheaply. One of the causes of the rather poor showing of the programme is its inadequate design, which for instance did not include a strategy for creating longer-term employment.<sup>305</sup>

The outcomes of the emergency appeals protection component are difficult to assess without initial benchmarking.<sup>306</sup> Responses to protection threats include increasing beneficiary resilience, cash and in-kind transfers, referrals to health and legal services and public advocacy.<sup>307</sup>

#### *Contribution to sector strategic goals*

UNRWA's emergency services to a very large extent contributed towards achieving the strategic goals for the sector. Refugees were saved from hardship and the threat of permanent damage to the Palestinian social and economic fabric was reduced. Through the organisational reform process, UNRWA became a more effective and efficient needs-based service provider and is now better prepared for a future transfer of responsibilities to the PA.

Food insecurity among 'abject poor' refugees is rising and many of them became effectively destitute during periodic crises such as military operations.<sup>308</sup> UNRWA targets their growing numbers through its social safety net programme, which is significantly underfunded. This obliged UNRWA to re-allocate funds for their care. The new strategic objectives, one of the outcomes of the reform process, enabled UNRWA to better develop unambiguous priorities.

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#### *Unintended effects*

UNRWA's activities had some unanticipated positive outcomes. One of these was the empowering effect on women involved in the CfW programme. They developed social networks, gained self-confidence and skills and achieved some financial independence through small-scale home-based income generating activities.<sup>309</sup>

Recipients of e-vouchers and cash transfers spent those on purchases of goods and services from the local economy, generating additional economic opportunities for suppliers and additional tax revenue.<sup>310</sup> Food aid recipients are also able to use saved household income for other types of essential expenditures in the local economy.

<sup>305</sup> Nevertheless, some employment for women was created. Interviews with female beneficiaries, Arroub Camp.

<sup>306</sup> UNRWA produced a survey in which actions taken and results achieved were reported but the report was not yet available for the evaluation team at the time of drafting this evaluation.

<sup>307</sup> Interview with UNRWA Protection Consultant.

<sup>308</sup> 'Abject poor' are food insecure and living on less than EUR 1.32 (USD 1.75) per day.

<sup>309</sup> Interviews with women CfW beneficiaries in Ein El Sultan camp, Jericho.

<sup>310</sup> DFID, 2015a.

A negative effect is that the continued engagement of UNRWA increases the dependency of refugees on UNRWA services. On the other hand, without UNRWA support their situation would have been worse. Therefore, UNRWA engagement is inevitable as long as more structural solutions for the refugees have not been found.

#### *Fiduciary mechanisms*

Risk management strategies are developed for all UNRWA's programmes at the level of each field office; there is no evidence of separate strategies for emergency appeals. Regular monitoring of beneficiary lists and on-site observation in participating e-voucher shops is carried out. Similar monitoring and spot checks are carried out in the CfW with monitors being rotated across camps, supervised by area UNRWA officers. Other evidence of fiduciary risk management was gleaned from independent evaluations commissioned by the European Commission (EC) and the Department for International Development, United Kingdom (UK/DFID).<sup>311</sup>

Financial tracking studies have shown that fiduciary risks are low, suggesting good levels of efficiency and cost management. The controls over the e-voucher programme are sufficiently robust to provide reasonable assurance against the risk of fraud.<sup>312</sup> Budgeting was made more transparent; the Department of Internal Oversight performs internal audits. Internal controls were deemed satisfactory by the EU Pillar Assessment in 2014. The UN Board of Auditors 2013 UNRWA audit was positive but saw room for improvements, and urged UNRWA to develop better anti-corruption policies. UNRWA has an Ethics Office and at the field level complaints mechanisms were developed to report inequity in targeting.

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#### *Explanatory factors*

The major factor negatively impacting the success of the emergency activities is the deterioration in Palestinian economic performance resulting from the blockade of Gaza and from movement and access restrictions across the West Bank. The extensive geographical and sectorial scope of the projects increases their vulnerability regarding movement and access of goods and staff. The shelter cash assistance is a result of security delays associated with getting construction materials into Gaza.<sup>313</sup> Public advocacy by various actors and UNRWA itself had no impact on this situation.

The other major negative factor impacting the success of the projects linked to occupation policies is the parallel expansion of Israeli settlements and house demolitions of refugees in Area C and East Jerusalem, creating increasing numbers of forcibly transferred families. The project responds to this by meeting immediate needs for shelter and food, providing rehabilitation packages once new shelter is found, and emergency counselling for traumatised families.

<sup>311</sup> Grunewald, F. and V. De Geoffroy, 2009; DFID, 2013, 2015b.

<sup>312</sup> DFID, 2013, p. 14; DFID, 2015a, referenced in DFID, 2015b.

<sup>313</sup> UNRWA, 2015b.

To the extent possible the PA has facilitated the work of the project by sharing beneficiary lists and targeting methods. However, because of the PA's fragmented access to Area C, East Jerusalem and the Seam Zone (West Bank), UNRWA and WFP delivered food assistance to refugee Bedouin and herding communities in Area C and to refugee farmers in the Seam zone.<sup>314</sup>

## 7.5 Sustainability

Emergency appeal components and activities by reasons of their humanitarian intent are not designed to be sustainable. The lack of impact in meeting food security and poverty alleviation objectives have more to do with worsening conditions than with technical approaches adopted, although some improvements could be made in the area of targeting and project design. UNRWA suffers from a fragile funding situation, which impairs the ability to invest more strategically in reforms that would enable improvement of responses. Nonetheless, as cooperation with the PA and other key humanitarian actors improves, additional and longer-term sustainability could be the result.

## 7.6 Coherence

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### *Coherence of donor approaches*

Despite its position among the top 10 donors to emergency appeals, NRO's contribution to the negotiating with UNRWA, engagement in policy dialogue, donor coordination and engagement with UNRWA at the local level was somewhat limited.<sup>315</sup> The Dutch have, however, displayed an interest in the administrative committees meetings and are characterised as helpful members of the donor community through their neutrality and balance. And they have organised bilateral meetings of their auditors with UNRWA on how to improve fiduciary risk management. UNRWA staff said that during the military operations in 2014, the NRO was in touch on a daily basis to monitor developments.

With respect to donor coordination, the Netherlands attended the meetings of the HTF very infrequently. The Netherlands is not a member of the Good Humanitarian Donorship Group (GHDG) in the PT, launched in 2009 to discuss strategic humanitarian issues.

There is no evidence of bilateral economic diplomacy or policy dialogue towards the PA or Israel and Dutch input into the HCT advocacy group is not visible. When active donors are invited on ad hoc basis in the HCT, the Dutch are not prioritised.<sup>316</sup>

There is general donor consensus on the need to support UNRWA. This is illustrated by the consistent and repeated support of donors to EA's and the general fund.<sup>317</sup>

<sup>314</sup> The Seam Zone is an area in the West Bank located east of the Green Line and west of Israel's separation barrier, populated mainly by Israelis in settlements.

<sup>315</sup> Interviews with donors and humanitarian agencies.

<sup>316</sup> Interviews with UNOCHA staff.

<sup>317</sup> See Financial Tracking Services: Tracking Global Humanitarian Aid Flows, <http://fts.unocha.org>.

Donors interviewed spoke of the essential role of UNRWA in contributing to local and regional security.

#### *Internal coherence of Dutch Policy*

There is growing coherence between the Dutch humanitarian and human rights policies at the sector level, as humanitarian policy is now clearly framed as a protection crisis with humanitarian consequences. A connection exists between some human rights NGOs funded by the Secretariat and UNRWA's advocacy efforts. Bimkom, for instance, has worked with UNRWA on a report on discriminatory planning issues in Area C in relation to forced transfer of refugees in that Area. This could be an area of useful cooperation to promote longer-term peace prospects.

#### *Gender mainstreaming*

According to UNRWA documents, gender equality is an element across all of its programmes. It introduced a policy on gender equality in 2007<sup>318</sup> and has established gender taskforces to implement this strategy; they report twice a year. Sex aggregated data is presented in ES's and reports. A commendable effort has been made with gender in the CfW component and CfW opportunities have increasingly been offered to women both in Gaza and on the West Bank. While cultural and social factors limit the number of positions open to women, UNRWA is actively working to close this gap by expanding the range of jobs available to women.

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## 7.7 Conclusions

Humanitarian aid was provided on a massive scale to satisfy the needs of refugees and victims of the deteriorating living conditions and the military operations in Gaza. UNRWA and the MoSA were the most important humanitarian actors. The Netherlands supported UNRWA and some other organisations through its bilateral programme, but also by providing direct unearmarked core contributions to UNRWA.<sup>319</sup> The evaluation of the humanitarian sector focused on UNRWA. Dutch support was distinctly relevant to the needs of poor Palestinians, to the development plans of the PA and to Dutch humanitarian aid policy. Because of funding shortfalls, UNRWA had to prioritise its interventions and outputs delivered corresponded to the availability of funds. The strategic goals of relieving refugees from hardship and prevention of permanent damage to the social and economic situation were largely achieved. Outcomes concerning effective response and promotion of refugee rights were mostly realised; food security objectives were only partially achieved.

UNRWA's involvement is so extensive that a parallel, semi-autonomous state structure evolved to administer the services provided. This is contradictory to the goal of establishing a functioning Palestinian state. It confirms the financial dependency of the Palestinian refugees on foreign funding through UNRWA as well as their status quo. The dominant role

<sup>318</sup> UN, 2012.

<sup>319</sup> See chapter 8.

of UNRWA is even criticised for reducing the urgency to find more structural and sustainable solutions. The benefits of UNRWA support are the prevention of further deterioration of the position of many poor Palestinians, protection of human rights and preservation of a certain level of political stability. Arguments in favour of continued support are that humanitarian interventions are by definition not sustainable and that the situation would be worse without UNRWA support.

However, UNRWA and its donors understood the disadvantages of prolonged intensive involvement. Therefore, in UNRWA's new strategic five-year plan (2016-2020), humanitarian response is mainstreamed in the overall social services plan. In this way UNRWA replicates the current PA structure, enabling a smoother transition of responsibilities in the future, if a solution to the refugee question would be found in the context of a peace agreement. UNRWA also improved its coordination with the PA through MoSA. Yet, there is still a long way to go before an agreement between Israel and the PLO is reached and the responsibility for refugees will be transferred to the PA. There is a task for donors to support that process. The Netherlands' engagement and influence in the sector is rather limited compared to its prominent position on the list of UNRWA donors, although other donors feel that the Netherlands is a helpful member of the humanitarian community.

UNRWA developed risk management strategies for all programmes at the level of its field offices. EU auditors considered the fiduciary risks low and internal controls satisfactory. The UN auditors were positive too, but saw room for improvement and urged UNRWA to develop better anti-corruption policies.



8

## The multilateral channel

## 8.1 Introduction

### Description

The Netherlands consistently contributes significant amounts of development aid to the PT through multilateral organisations, such as the EU and the UN. The Netherlands does so by providing unearmarked core contributions directly to multilateral organisations that are active in the PT. The indirect contributions through these organisations are known as multilateral ODA.<sup>320</sup> For reasons of assumed efficiency and effectiveness, the Netherlands in principle prefers the multilateral channel. The Netherlands believes that multilateral organisations are of strategic and operational importance to the Netherlands and therefore of added value to the Dutch policy.<sup>321</sup>

### Financial overview<sup>322</sup>

Between 2008 and 2014, a total of approximately EUR 3 billion of multilateral ODA was channelled to the PT by the international donor community through various multilateral organisations. Of this aggregated amount, EUR 165 million can be imputed to the Netherlands. In other words, the Netherlands contributed 5.5% of the total ODA channelled through the multilateral channel to the PT.

Year	2008	2009	2010	2011	2012	2013	2014	Total
Amount (in EUR million)	34.8	30.7	26.7	13.3	19.0	19.3	21.2	<b>165.0</b>

The Netherlands ranks as the seventh largest donor through the multilateral channel. See Table 3. This relatively high rank indicates that the Netherlands is among the world's leading donors channelling development aid to the PT through the multilateral channel, which is in accordance with the Dutch policy strategy. In comparison, the Netherlands ranks slightly lower when it comes to bilateral ODA, being the 12<sup>th</sup> largest bilateral donor, which accounts for 2.4% of the total ODA channelled to the PT through the bilateral channel. In other words, the Netherlands still channels most of its ODA through the bilateral channel, but ranks relatively higher as a multilateral donor in the PT. Interestingly, the United States and United Arab Emirates show up as the two biggest bilateral ODA donors, while these countries do not make it to the top ten at the multilateral channel.

<sup>320</sup> In addition, the Netherlands provides non-core earmarked contributions to multilateral organisations earmarked specifically for the PT, also referred to as 'multi-bi' development aid. This evaluation considers this type of development aid as a part of the bilateral channel.

<sup>321</sup> Ministry of Foreign Affairs, 2010a, p. 11; 2013b, pp. 4-5.

<sup>322</sup> OECD.Stat [DAC2a], data extracted on 28 December 2015.

<sup>323</sup> Imputed multilateral ODA is a way of estimating the geographical distribution of donors' core contributions to multilateral agencies, based on the geographical breakdown of multilateral agencies' disbursements for the year of reference. Imputed multilateral ODA can only ever be an approximation. OECD DAC Glossary of Key Terms and Concepts, <http://www.oecd.org/dac/stats/dac-glossary.htm>.

Imputed multilateral ODA			Bilateral ODA		
Rank	Country	Amount	Rank	Country	Amount
1	Germany	491.8	1	United States	3464.1
2	United Kingdom	456.9	2	United Arab Emirates	630.4
3	France	431.4	3	Germany	596.7
4	Italy	290.7	4	Norway	585.3
5	Spain	216.1	5	United Kingdom	527.3
6	Sweden	192.9	6	France	368.3
7	Netherlands	165.0	7	Spain	361.9
8	Belgium	107.1	8	Sweden	310.3
9	Denmark	98.2	9	Japan	307.9
10	Norway	94.9	10	Canada	287.8
11	Finland	54.7	11	Turkey	236.1
12	Austria	53.4	12	Netherlands <sup>324</sup>	219.7

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Between 2008 and 2014, a total of 14 multilateral organisations were active in the PT. The six largest of these, which also received unearmarked core contributions from the Netherlands<sup>325</sup>, were selected to be a part of this evaluation: the EU and the UN organisations UNRWA, WFP, UNDP, UN Children's Fund (UNICEF) and UN Population Fund (UNFPA). By far the largest of these were the EU and UNRWA, with respectively 56.7% and 39.6% of the total expenditures by multilateral organisations in the PT.

Year	2008	2009	2010	2011	2012	2013	2014	Total
UNDP	90.0	90.0	90.0	66.3	57.5	57.5	27.5	<b>478.8</b>
UNFPA	58.5	62.5	54.5	42.5	40.0	40.0	35.0	<b>333.1</b>
WFP	40.0	40.0	40.0	40.0	36.0	36.0	36.0	<b>268.0</b>
UNICEF	35.0	35.0	35.0	34.0	34.0	34.0	24.0	<b>231.0</b>
UNRWA	15.0	15.0	15.0	13.0	15.0	13.0	13.0	<b>99.0</b>
<b>Total</b>	<b>238.5</b>	<b>242.5</b>	<b>234.5</b>	<b>195.8</b>	<b>182.5</b>	<b>180.5</b>	<b>135.5</b>	<b>1409.9</b>

Source: OECD.Stat (DAC2a).

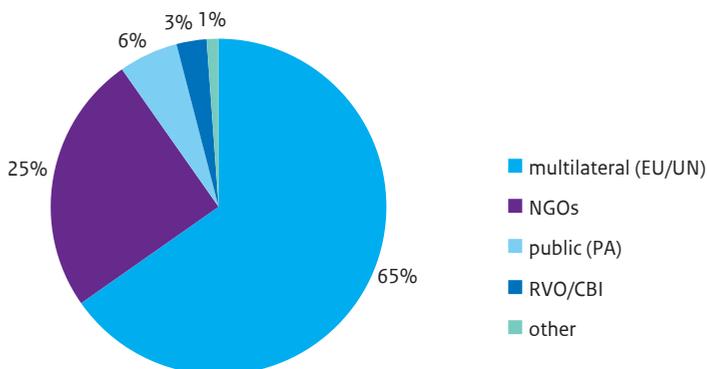
<sup>324</sup> This figure differs from the EUR 205 million (2008 - mid-2014) mentioned before, because it includes the entire year of 2014.

<sup>325</sup> IDB and OFID are also large contributors, but are unlikely to receive funds from the Netherlands. Six organisations were too small to be selected: AFESD, Global Fund, WHO, IFAD, IAEA and UNTA.

Due to the fact that these are unearmarked funds, the UN organisations are not required to keep a breakdown of expenditures per donor per country of operation. Therefore it is unknown exactly how much of this amount was spent by these organisations in the PT. However, UNRWA and the EU are by far the largest contributors of ODA in the PT. For the EU, it is estimated through a rule of thumb that 5% of the EU's ODA expenditures in the PT can be imputed to the Netherlands, which is approximately EUR 120 million (5% of EUR 2.4 billion).<sup>326</sup>

The Netherlands channels 40% of its total support to the PT through the multilateral channel, 49% through the bilateral channel and the remaining 11% through the private channel. However, when the expenditures through the multilateral channel and the 'multi-bi' channel are combined, the percentage of support channelled through multilateral organisations significantly increases to 65%, as shown in Figure 5.

**Figure 5** Total ODA disbursement by type of organisation<sup>327</sup>



Source: Piramide, financial administration system of the MFA.

<sup>326</sup> OECD.Stat [DAC2a], data extracted on 05 November 2015.

<sup>327</sup> Total ODA comprises all three channels: bilateral, multilateral and private.

## 8.2 The European Union

### *Description*

Since 2005, the EU has worked together with the PA as a partner country in the ENP. The EU is committed to the core ENP policy principles of stability, good governance, security and well-being through reaching the goal of an independent and viable Palestinian state living side by side in peace and security with Israel and its neighbours.<sup>328</sup> The EU is the single largest multilateral provider of development assistance to the PT.<sup>329</sup> The EU underpins its strategy with extensive diplomatic and policy dialogue.<sup>330</sup> In the PT, the EU has pursued a four-track strategy:

- State-building with a focus on the PA institutions;
- Developmental assistance with three focal sectors: governance, PSD and trade; and infrastructure, particularly water and land development;
- Basic service delivery to Palestinian refugees through UNRWA;
- Humanitarian assistance.

### *Relevance*

The EU's efforts in the PT are relevant as they fully respond to PA development priorities as expressed in the continuously updated PNDP and to the needs of the Palestinian people. The EU works closely with the PA to assure alignment with country policies. Especially the strategy for PSD and trade is highly relevant and consistent with past EU practices.<sup>331</sup> The EU programme is also in line with Dutch development policy goals.

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### *Effectiveness*

Overall, the EU provided critical support for the Palestinian welfare and PA institutions: sustaining welfare for Palestinians, preventing fiscal and economic collapse, compensating for occupation losses, fostering short-term stability and security, and generating local capacity, while at the same time strengthening PA institutions. The EU can legitimately claim to be the most reliable and consistent partner to the Palestinian people and the PA, both on the West Bank and in Gaza. On all tracks, the EU's efforts have contributed to strengthening of weak PA institutions and to providing public services. Especially the Cash Transfer Programme (CTP) and social protection measures supported by the EU are exemplary.<sup>332</sup> Implementation is excellent, targeting is well-designed and it is carefully monitored. The EU POL COPPS mission and the PEGASE mechanism were discussed in chapter 5 on governance.

Yet, despite ardent declaratory policies, massive financial support, dialogue and development and diplomacy efforts, also in the context of the Quartet, the EU had little demonstrable impact on removing the most significant binding constraints to sustainable

<sup>328</sup> ENP, 2015, p. 1.

<sup>329</sup> DRN-ECDPM-Ecorys-Particip, 2014, p. 99.

<sup>330</sup> EC website: [http://ec.europa.eu/economy\\_finance/international/neighbourhood\\_policy](http://ec.europa.eu/economy_finance/international/neighbourhood_policy).

<sup>331</sup> EEAS website: <http://www.eeas.europa.eu/delegations/westbank>; DRN-ECDPM-Ecorys-Particip, 2014.

<sup>332</sup> DRN-ECDPM-Ecorys-Particip, 2014, pp. xvi-xvii, 17, 103, 107.

outcomes.<sup>333</sup> The EU has only to some extent used its influence to address the Israeli occupation. Although some member states were in favour of more pressure on Israel, other members opted for a more balanced approach pointing to Israel's responsibilities and to justified security concerns. The last couple of years, the EU has been more critical towards Israel. The EU insufficiently used its leverage as a large donor to put pressure on the PA to do something about the stagnating peace negotiations, the conflict with Hamas, the improvement of its legitimacy and to make more work of the policy reforms in the public sector. However, in 2015 the EU and the PA agreed on a results-oriented framework for PEGASE to monitor progress in the reform programme of the PA. Thus, progress has been made more visible and a dialogue on the basis of the indicators was initiated between the EU and the PA.<sup>334</sup>

While acknowledging these 'binding constraints', performance could have been better given the level of EU support. The EU programmes are impeded by major limitations weakening effectiveness. EU efforts lacked adequate tools and human resources for performance-based programming, implementation, monitoring and evaluation across programmes. This hindered the necessary strategic, systematic and sustained results-based dialogue with the PA and Israel. However, the European Representative (EUREP) recognised this deficit and has initiated several activities to support the development of a results-based management system since 2012, the Results Oriented Framework. Moreover, the EU missed opportunities to create stronger alliances with regional actors, civil society and UNRWA. Furthermore, in the absence of conditionality or results-based performance incentives, the opportunity was missed to use PEGASE DFS and the cooperation with UNRWA for greater effectiveness in institution building. Meanwhile, the EU continues to deliver public services through the PA. Given the absence of a democratic process, the EU therefore facilitates a governance system in which the Palestinians have virtually no mechanism for holding the PA accountable for resource allocation and management. This situation increasingly undermines the EU principles and credibility with respect to democratic good governance, which is regrettable. Overall, while armed conflicts in Gaza constituted major setbacks such as the demolition of infrastructural works, reasonable progress was made towards implementing the ENP Action Plan.<sup>335</sup>

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### *Sustainability*

The EU strategy largely lacks mechanisms to achieve sustainability outcomes. The current levels of service delivery support and long-term unconditional funding of recurrent costs are highly unsustainable and therefore problematic, especially in the absence of a complementary parallel political track. Moreover, especially since 2011, the limited capacity and ownership by the PA and the lack of accountability to the Palestinian public led to ever-diminishing results of the EU's efforts.<sup>336</sup> However, the EU does hold the PA accountable through the many strict monitoring and audit mechanisms of PEGASE.

<sup>333</sup> DRN-ECDPM-Ecorys-Particip, 2014, p. 99.

<sup>334</sup> Ministry of Foreign Affairs, 2015.

<sup>335</sup> EC, 2008-2014; DRN-ECDPM-Ecorys-Particip, 2014; European Court of Auditors, 2013.

<sup>336</sup> DRN-ECDPM-Ecorys-Particip, 2014, pp. xvi, 8.

### Coherence

The coherence of the EU efforts was limited as no cohesive strategy and results-oriented operational strategy were in place to systematically link the different components. With the notable exception of PFM, the various instruments deployed and useful programmes implemented clearly show a lack of overall internal coherence. Consequently, the strategy design provides very limited opportunities for developing operational complementarities and synergies. Nevertheless, the EU supported a large variety of relevant programmes that generated local dynamics and capacity. As the most reliable partner to the PA, and the largest contributor to Palestinian welfare and PA institutions, EU cooperation has distinguished itself from other actors in a crowded donor arena. The EU has taken a leadership role in coordination, harmonisation and alignment with the PA.<sup>337</sup>

## 8.3 The United Nations

The following UN organisations have been active in the PT: UNRWA, UNDP, UNFPA, WFP and UNICEF. Each organisation's efforts are discussed separately below. Some other UN organisations were also active, but they are not evaluated.

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### UNRWA

#### Description

UNRWA's mandate is to provide relief, human development and protection services to refugees with an official status as a Palestinian refugee. Accordingly, UNRWA's mission is to help them achieve their full potential in human development under the difficult circumstances in which they live, by providing a variety of essential services. UNRWA works in the sectors of education, health, relief and social services, infrastructure and camp improvement, microfinance and emergency response, towards the following goals:

- Providing access to high-quality primary and vocational education;
- Improving access to quality comprehensive health care services;
- Providing a range of direct and indirect social protection services;
- Improving living conditions by providing adequate housing;
- Providing sustainable income-generation opportunities;
- Mitigating the effects of emergencies on the lives of Palestinian refugees.<sup>338</sup>

#### Relevance

UNRWA's efforts in the PT are highly relevant as they are well aligned with Palestinian development priorities, respond to critical needs of the Palestinian refugee population and are based on extensive context and conflict analyses. UNRWA's programme is to a large extent consistent with Dutch humanitarian aid policy, including the goal to maintain political stability.

<sup>337</sup> DRN-ECDPM-Ecorys-Particip, 2014, pp. 101-102.

<sup>338</sup> UNRWA, 2014a.

### Effectiveness

Since various aspects concerning UNRWA emergency appeals were already discussed in chapter 7 on humanitarian aid, they are not repeated here. However, this chapter adds an assessment of the non-emergency appeal reports.

During the last decade, the UNRWA health programme was confronted with a situation of changing health care needs. An ageing population involves the challenge of non-communicable diseases. As a key element of the reform of the health system, the UNRWA health department successfully adopted the Family Health Team (FHT) approach and e-health. Significant progress was achieved in both initiatives. This FHT approach, implemented in 99 of 115 health centres, increased the overall health status of the population, increased the level of services and decreased costs over time. The daily medical consultation by a doctor and antibiotics prescription rates were decreased. However, indicators for maternal and child health such as levels of vaccination coverage remained high. E-health contributed to the improvement of the overall health services. It reduced the paper workload, reduced the patient's waiting time, and improved patient's data management. Patients participating in diabetes campaigns showed significant improvements in body measurements and blood pressure readings.<sup>339</sup>

In 2011, the UNRWA education programme began a major four-year reform to improve services for the Palestine refugee students in UNRWA schools, vocational training centres and educational faculties. On the West Bank, UNRWA provides only preparatory education, but it nevertheless reaches over 50,000 students through 97 educational facilities. In achievement, UNRWA West Bank schools perform better than PA schools. In Gaza, 252 UNRWA schools serve over 240,000 students. Although years of underfunding have left the education system in Gaza overstretched, UNRWA made good progress. While drop-out rates for elementary education generally decreased, they increased in Gaza. UNRWA tries to reverse this trend, amongst others through provision of basic snacks to students. For example, after the 2014 Gaza conflict, UNRWA's tried to get children back to normalcy through a 'Back to School' approach with a strong emphasis on psychosocial support. Indicating increased effectiveness and efficiency, the number of years it takes UNRWA students to successfully graduate from the school system decreased. Among various other studies, UNRWA conducted a comprehensive perception study among students, teachers, parents and employers which indicated a mostly positive level of satisfaction with UNRWA's education programme but a less positive one in relation to material resources.<sup>340</sup> UNRWA proved capable to transform its services rapidly in times of crises and to provide immediate shelter and assistance to the civilian population, for instance during the Israeli military operations in Gaza.

<sup>339</sup> UNRWA, 2014b, 2008-2014a, 2008-2014b, 2011-2014.

<sup>340</sup> UNRWA, 2014b, UNRWA, 2008-2014a, UNRWA, 2008-2014b, UNRWA, 2010-2014, UNRWA, 2011-2014.

### *Sustainability*

As UNRWA primarily delivers humanitarian aid, the majority of interventions are not sustainable. Moreover, UNRWA's financial instability affects sustainability of its services, as it prevents UNRWA from strategically investing in enhancing sustainability. However, as a government surrogate, UNRWA aims to facilitate an efficient transition of responsibilities by replicating the structure of the PA institutions.<sup>341</sup>

### *Coherence*

The various elements of UNRWA's programme were designed to complement each other. UNRWA conducts a systematic approach through eight interconnected programmatic areas. It does so at three key levels: the legislative or policy level, the organisational or framework level and the capacity development level. UNRWA also cooperates and coordinates with other UN organisations such as WFP and UNICEF.<sup>342</sup>

## **UNDP**

### *Description*

In 1978, UNDP launched the UNDP Programme of Assistance to the Palestinian People (UNDP/PAPP). Its goal is to empower the Palestinian people and Palestinian institutions to achieve a viable and resilient Palestinian nation. UNDP/PAPP focuses particularly on the vulnerable Palestinian population and the affected geographic areas (Gaza, East Jerusalem and Area C of the West Bank).<sup>343</sup> UNDP/PAPP operates in the sectors of democratic governance, economic empowerment, environment and infrastructure, through the following objectives:

- Strengthening rule of law, access to justice and local governance, with special attention for public administration reforms and civil society engagement;
- Empowering the most vulnerable citizens to achieve economic self-reliance and enhancing Palestinian PSD, internal trade, import and overseas export;
- Strengthening environmental governance and promoting climate change adaptation which responds to the potentially increasing scarcity of natural resources;
- Reducing geographic and socio-economic inequalities by increasing access to key public and social infrastructure in the areas of energy, transportation, housing, education and health.<sup>344</sup>

### *Relevance*

UNDP's general objectives are relevant as they reflect a strong alignment with PNDPs, UNDP policies and the Dutch policy. UNDP's interventions are designed to tackle the needs of the Palestinian population. Relevance is relatively high, particularly because of the specific targeting of the three most affected geographical areas: Area C, Jerusalem, and Gaza.<sup>345</sup>

<sup>341</sup> DMM, 2015, page 7.

<sup>342</sup> UNRWA, 2010-2014.

<sup>343</sup> UNDP website: <http://www.ps.undp.org>.

<sup>344</sup> UNDP/PAPP, 2014a, pp. 9, 16, 23, 29.

<sup>345</sup> Jasser Dorra, S., 2015, p. 4.

### Effectiveness

Since the relatively large UNDP/PAPP-EUPOL COPPS Joint Programme and the Rule of Law and Access to Justice Programme were already discussed in chapter 5 on governance, they are not reviewed here. Other evaluated UNDP projects are assessed as largely effective, but their contribution to higher-level sustainable development of the Palestinians was only marginal.<sup>346</sup>

While the Community Resilience Development Program made important humanitarian contributions to immediate beneficiaries, the programme is too small and inflexible to achieve its ambitious objectives. Two important gaps were the lack of human capital development and of institutional capacity building.<sup>347</sup>

The DEEP – Women Entrepreneur project was largely effective in establishing income-generating activities, which increased the competencies and capacities of the beneficiaries. The project generated positive social and economic impact for most women, such as an increased income through the start-up of their own enterprises or increased access to markets. Yet, the beneficiaries felt overburdened in combining the project with taking their responsibilities at home.<sup>348</sup>

With respect to environment, UNDP effectively enhanced the capacity of the Ministry of Environmental Affairs (MoEnA) and the Coastal Municipal Water Utility on environmental monitoring and inspection with regards to environmental compliance.<sup>349</sup> However, the goal of clarifying the conflicting roles and responsibilities between the MoEnA and other line ministries was not achieved. UNDP made a significant technical contribution to wastewater collection and management systems. However, effectiveness was hampered by a lack of a political sensitive approach. Although UNDP's interventions are valid from a technical point of view, UNDP insufficiently balances its ambitious development objectives with what is realistic within the political context.<sup>350</sup>

### Sustainability

While the sustainability of many interventions in the PT is questionable, UNDP's relatively large focus on capacity-building activities enhances the potential for sustainability by providing a basic foundation.<sup>351</sup> However, UNDP has the habit of seconding large numbers of (local) advisory staff to PA institutions. Although this strategy successfully reduced the competition between institutions in the justice sector, it harms capacity building in the long run as it prevents the PA from hiring their own experts and taking up responsibilities.<sup>352</sup>

<sup>346</sup> Odeh, A., p. 6.

<sup>347</sup> Arab World for Research & Development, 2014, pp. 4, 58.

<sup>348</sup> Jasser Dorra, S., 2015, pp. 5-6.

<sup>349</sup> Ziara, M., 2013, pp. 5-6.

<sup>350</sup> UNDP/PAPP, 2013, pp. 6-7; UNDP/PAPP, 2014b, pp. 5-6.

<sup>351</sup> Jasser Dorra, S., 2015, p. 6.

<sup>352</sup> IOB interview with representative of NRO, 2015.

### Coherence

Project evaluations did not specifically address coherence. However, some projects show a high degree of fragmentation, which had a negative impact on the synergy and multiplier effect between interventions.<sup>353</sup> Generally, however, there is a good division of labour amongst UNDP and other UN organisations, but duplication is still common.<sup>354</sup>

## WFP

### Description

The mission of WFP is to end global hunger. WFP identifies and targets the poorest and most food insecure segments of the Palestinian non-refugee population. WFP's vision is to support the PA to use new and innovative approaches to build food security in a sustainable manner. Accordingly, WFP is working towards the following goals:

- Save lives and protect livelihoods in emergency situations;
- Support food security and nutrition and (re)build resilient livelihoods;
- Reduce risk and enable people and communities to meet their own food and nutrition needs.

### Relevance

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WFP's programme is relevant as it is aligned with the PA's national priorities and complements national programmes, and in line with WFP's Strategic Plan and other key policies. WFP's programme supported the state-building plan by enhancing the PA's capacity, for instance through supporting the MoSA for the enhancement of its national Social Safety Net programme. Especially since 2006, WFP's support has been seen as critical because of the PA's declining capacity to meet the needs of those people.<sup>355</sup>

### Effectiveness

WFP targets its beneficiaries through General Food Distributions (GFD), electronic vouchers, conditional food assistance (food for work and food for training) and school meals. All elements were assessed as mostly effective. WFP systematically used quality controls, baseline data and a real time tracking system to monitor progress and results. Especially the innovative electronic food voucher programme proved to be highly effective. Through the distribution of vouchers, WFP used its purchasing power to stimulate the local economy and to support domestic production. This strategy ensured a continuous supply and reduced transportation costs.<sup>356</sup> When programme elements proved less effective or less appropriate, WFP shifted towards alternative methods. For example, WFP increasingly replaced GFD with voucher-based schemes. As WFP's detailed Standard Operating Procedures (SOPs) proved to insufficiently take into account the unexpectedly prolonged and recurrent conflicts in especially Gaza, WFP is reviewing and updating the existing SOPs. Nevertheless, despite recurrent delays in the implementation phase, WFP rapidly and effectively scaled up its emergency responses through technical contact with the local

<sup>353</sup> Arab World for Research & Development, 2014, p. 58.

<sup>354</sup> IOB interview with representative of NRO, 2015.

<sup>355</sup> WFP, 2009a.

<sup>356</sup> WFP, 2014e.

authorities and by maintaining established humanitarian channels and a pre-positioned buffer stock inside Gaza. During periods of funding shortfalls, WFP successfully applied a series of measures in order to mitigate the impact on the food security situation.<sup>357</sup> In addition, by training government staff in monitoring and evaluation, WFP strengthened government staff capacity in food security assessment design and analysis. WFP also developed a needs-based targeting methodology rather than a status-based one.<sup>358</sup>

### *Sustainability*

As WFP operates in a context of recurring cycles of violence and humanitarian emergencies, its efforts cannot be considered sustainable, especially in Gaza. WFP recognises that its efforts could induce a disincentive for sustainable economic development and could foster dependency on WFP's welfare provision. However, an exit strategy is extremely dependent on external developments as genuine sustainable food security can only be achieved once a political settlement is achieved.<sup>359</sup>

### *Coherence*

WFP, as Logistics Cluster lead, has worked closely with 43 different partner organisations (other UN agencies, international and national NGOs and the PA), to ensure complementarities between interventions of all partners and an efficient flow of information. WFP co-chairs the Food Security Sector group (FSS) with FAO and UNRWA. Accordingly, WFP significantly reduced duplications and improved the operations by creating a beneficiary database for regular crosschecking and through the introduction of joint distribution mechanisms.<sup>360</sup>

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## **UNICEF**

### *Description*

UNICEF works to protect children and women from the impact of violence, and to prevent further deterioration in their conditions and well-being. UNICEF targets the most vulnerable children and women, focusing on the populations in greatest need. In the PT, UNICEF works to strengthen national institutional capacity for delivering on the following five goals:

- Expanding the provision of quality health and nutrition care to children and mothers;
- Improving the quality of basic education and supporting child-friendly learning environments;
- Increasing adolescent participation, improving secondary school retention, reducing violence, and improving knowledge on healthy lifestyles;
- Building a rights-based protective environment for children;
- Improving the quality of water and sanitation systems, especially in schools and hospitals.<sup>361</sup>

<sup>357</sup> WFP, 2014c, p. 7.

<sup>358</sup> WFP, 2009b, 2010b, 2011a, 2011b, 2012, 2014d.

<sup>359</sup> WFP, 2010a.

<sup>360</sup> WFP, 2009a, 2011a, 2014b, 2014d.

<sup>361</sup> UNICEF website: <http://www.unicef.org/oPt/>.

### Relevance

UNICEF's programme in the PT is highly relevant. It is aligned with the PA's national development strategy and adequately addresses some of the population's most pressing needs. Various efforts are not only relevant to the needs of children and women, but often to the general population as well. The programme clearly fills vital gaps in areas where local institutions have fallen short, often due to a lack of resources. UNICEF's strategy is specifically customised for the PT, to ensure that it is relevant in the Palestinian context.<sup>362</sup>

### Effectiveness

Overall, UNICEF's efforts in the PT were effective in reaching their objectives. UNICEF's Water, Sanitation and Hygiene (WASH) programme<sup>363</sup>, Child-Friendly School (CFS) programme<sup>364</sup> and psychosocial health programmes were in most cases effective at both humanitarian (Gaza) and developmental (West Bank and Gaza) levels. However, the programmes could be more specifically tailored to meet the different realities in Gaza and the West Bank. The projects were of high quality and were completed with high professional standards. In general, UNICEF's efforts proved to be responsive to humanitarian emergencies. However, the procurement and contracting system of UNICEF has frequently hindered its ability to respond to emergencies in a flexible and timely manner. Yet, UNICEF carefully planned and implemented its interventions to ensure that short-term emergency and rehabilitation efforts were sufficiently linked to long-term relief and development. UNICEF performed well at upholding its effectiveness by closely cooperating and coordinating with the PA and a variety of partners and stakeholders.<sup>365</sup> While the consulted evaluation reports are of high quality, it should be noted that no recent reports on UNICEF's efforts in the PT are available. Yet, UNICEF contributes to the generation of knowledge on the situation of Palestinian children by publishing monthly Humanitarian Situation Reports.<sup>366</sup>

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### Sustainability

As humanitarian emergency assistance is an important goal, the majority of UNICEF's interventions in infrastructure cannot be considered sustainable. In contrast to such interventions however, the capacity building efforts resulted in noticeable and lasting behavioural change among targeted beneficiaries. In terms of sustainability, the strength of UNICEF interventions lies in its participatory model of generating ownership of targeted beneficiaries and key stakeholders. Furthermore, UNICEF envisages that the ministries will eventually take over all programming responsibilities.<sup>367</sup>

### Coherence

The various elements of UNICEF's programme were designed to complement each other. For example, the UNICEF WASH programme is implemented in the same schools as UNICEF's Friendly Places Initiative. The rationale behind the intervention strategy of WASH

<sup>362</sup> UNICEF, 2012, pp. 27-28, 66; OPTIMUM, 2012, p. IX.

<sup>363</sup> UNICEF, 2012, pp. 9-10.

<sup>364</sup> OPTIMUM, 2012, p. XI.

<sup>365</sup> UNICEF, 2011; UNICEF, 2012, pp. 9-11, 57.

<sup>366</sup> UNICEF website: [www.unicef.org/appeals/state\\_of\\_palestine\\_sitpres](http://www.unicef.org/appeals/state_of_palestine_sitpres).

<sup>367</sup> UNICEF, 2012, pp. 9, 11-12, 63; OPTIMUM, 2012, p. IX.

in schools is that if students do not have proper water and sanitation facilities in their schools, they may be less inclined to attend school.<sup>368</sup>

## UNFPA

### Description

The goal of UNFPA, as reflected in its mission statement, is to deliver a world where every pregnancy is wanted, every birth is safe, and every young person's potential is fulfilled. UNFPA specifically targets women, adolescents and youth. In the PT, UNFPA supported Palestinian state-building and national capacity-building towards the following goals:

- Strengthening the capacity of the national health system in providing comprehensive high-quality rights-based reproductive health services, including family planning, maternal health, HIV/AIDS prevention and the provision of equitable and gender-sensitive information;
- Enhancing government and civil society mechanisms to promote gender equality and equity by addressing gender-based violence and women's empowerment;
- Increasing national capacity to generate, analyse and use disaggregated data on population dynamics in order to integrate, implement and monitor reproductive health and emerging population issues in national plans and programmes.<sup>369</sup>

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### Relevance

UNFPA's programme in the PT is highly relevant as it is aligned with national development priorities and responds to the essential reproductive health needs of the population, reaching disadvantaged and marginalised groups. UNFPA programming achieves a good balance between long-term development and short-term responses to humanitarian needs caused by the cyclical humanitarian crises.<sup>370</sup> Also, the programme is in line with most of the principles of the UNFPA strategic plan and policies while being consistent with Dutch development policy goals.<sup>371</sup>

### Effectiveness

Overall, while results vary across the three focus areas, UNFPA's efforts in the PT are assessed as effective. UNFPA has made use of its comparative advantage, which resides in its national staff, context sensitive approaches and ability to raise sensitive issues on national development agendas. The UNFPA country office was able to provide a quick and flexible response to changes in national needs and priorities, especially in Gaza.<sup>372</sup>

<sup>368</sup> UNICEF, 2011; UNICEF, 2012, p. 27.

<sup>369</sup> UNFPA, 2005a, pp. 3-5; UNFPA, 2010a, pp. 4-5; UNFPA, 2014a, pp. 4-5.

<sup>370</sup> Advance Consulting Services, 2012a, p. 10.

<sup>371</sup> Alrifai, A., 2010, pp. 11, 24.

<sup>372</sup> Advance Consulting Services, 2012a, pp. 10-11; UNFPA, 2009, 2013.

### Sustainability

UNFPA's efforts have various sustainable elements. Capacity development support offered to staff of the Ministry of Health (MoH) and CSOs, the integration of reproductive health into the school curriculum, and population data generation are all considered highly sustainable contributions. However, not all interventions are designed in a manner to ensure sustainability. As most interventions do not have an exit strategy, caution should be taken against the potential substitution of the role of the MoSA by UNFPA.<sup>373</sup>

### Coherence

UNFPA contributed to the improved coordination of a highly fragmented UN system to avoid duplication and overlap.<sup>374</sup> However, existing coordination mechanisms mostly focus on the segregation of roles and geographical coverage. Although UNFPA's mandate and comparative advantage is clear, UNFPA appears to be somewhat competing with other organisations due to unclear roles and responsibilities in implementation.<sup>375</sup>

## 8.4 Dutch influence on policy making

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By maintaining good relationships and voicing the Dutch policy objectives, the Netherlands aims to indirectly influence the policy of these multilateral organisations. As the Dutch efforts involve general 'soft' pressure, it is difficult to demonstrate exactly whether or how decisions have been influenced. Nevertheless, as presented below, the available evidence indicates that these efforts have led to relatively successful policy influencing in various cases.<sup>376</sup> In this, the active and vocal attitude of the Netherlands and its specific thematic expertise appear to have been especially instrumental.

Thanks to substantial financial contributions, the Netherlands is almost a permanent member of the UN organisations' Executive Boards and UNRWA's Advisory Commission (AdCom).<sup>377</sup> Though these contributions considerably decreased in the previous years, the Netherlands still continues to benefit from this reputation as a relatively big donor. Representatives of the Permanent Missions of the Kingdom of the Netherlands to the UN and the Multilateral Organisations and Human Rights Department (DMM) of the MFA attempt to influence the UN organisations in both formal and informal meetings.<sup>378</sup> Due to limited capacity and expertise, the Netherlands deliberately focuses and takes the lead on niche topics which it believes are important and where it can make a difference: results-based monitoring and evaluation, financial management and cooperation with the private sector. The Dutch strategy is to constantly emphasise specific topics. The UN organisations consider

<sup>373</sup> Advance Consulting Services, 2012a, pp. 11-14, 56; Alrifai, A., 2010, p. 14.

<sup>374</sup> Advance Consulting Services, 2012a, pp. 10-11.

<sup>375</sup> Alrifai, A., 2010, p. 99.

<sup>376</sup> IOB held interviews with NRO and DMM staff and with various UN agencies.

<sup>377</sup> The Executive Board consists of 36 members and meets three times a year. UNRWA's AdCom is made up of 27 members and 3 observers and holds biannual meetings.

<sup>378</sup> If thematic topics are discussed, sometimes representatives of other departments join the meetings or they are consulted beforehand, such as DSO and DSH.

the Netherlands an important and strategic partner. For example, UNFPA regularly asks the Netherlands to work together on raising and handling sensitive issues. Furthermore, to avoid fragmentation and a dysfunctional overcharge of the Boards and the AdCom, the Netherlands usually takes a common stance with groups of like-minded countries, including Germany, France, the UK, the USA, Canada, and the Nordics. The Netherlands typically convinces a majority of them by regularly initiating statements or raising questions and making observations. For example, the Netherlands organised an informal meeting with like-minded donors to discuss the UNDP's potential strategic focus in its new strategic plan. This effort resulted in a common statement, insisting on more focused and strategic country programs. Also, at the urging of the Netherlands, the WFP changed its methodology from demand-driven to fund-supply driven. To mitigate the impact of the funding shortfalls on food security, WFP therefore applied several measures such as reducing the size of rations and prioritizing available funds for those most in need. Input and response from the NRO on topics relating to the PT is considered sufficient, while it significantly varies per organisation, topic and instance.<sup>379</sup>

At the level of the UN country offices, the NRO is mainly able to influence decision-making processes through the bilaterally funded programmes.<sup>380</sup> In general, the cooperation between the NRO and the UN country offices is considered to be good. The NRO has a reputation of actively trying to establish close relationships and coordination with the country offices and other donors and organisations in the PT, although its participation in coordination forums and strategic meetings varies depending on its capacity. The NRO has frequent and transparent interaction with the UNDP country office on technical, management and political level. This was less the case with UNRWA. Without exception, UNRWA and UNDP extensively reply to requests or questions from the NRO. UNRWA made visible progress on the specific topics that the NRO focused on, including improvement of internal oversight and financial sustainability. Topics that the NRO specifically discusses with the UNDP country office are the reconciliation between Gaza and the West Bank, justice sector reforms, and cooperation with other actors. Yet, UNDP tends to go alone when it comes to political messaging and advocacy. The NRO repeatedly discussed this less effective practice with UNDP. In addition, the NRO has regular discussions with the Monitoring and Evaluation expert to fine-tune the UNDP results framework. With WFP, the NRO specifically recommended to improve the cooperation with FAO, by building more resilience and sharing best practices, in order to enhance effectiveness and efficiency. Interestingly, although there is no direct formal bilateral relation between UNFPA and the NRO, a relatively intensive informal relationship exists. For example, UNFPA met with NRO staff several times to exchange views, to share information and to receive feedback on country reports and other documents.<sup>381</sup>

<sup>379</sup> DMM, 2015; IOB interviews with UNRWA, UNDP, WFP, UNICEF and UNFPA staff (2015), IOB interviews with NRO staff.

<sup>380</sup> The Netherlands has bilateral relationships in the PT with UNRWA, UNDP, and WFP, but not with UNICEF and UNFPA.

<sup>381</sup> IOB interviews with UNFPA, UNDP, WFP, UNICEF and UNFPA staff (2015), IOB interviews with NRO staff (2015), IOB interviews with donors and humanitarian agencies (2015).

## 8.5 Audit and anti-corruption

### *UN audits*

The external UN Board of Auditors is a part of the UN general audit system. It is completely independent and is solely responsible for the conduct of audits.<sup>382</sup> Overall, the Boards' audit reports did not uncover any major irregularities in the accounts of the UN organisations and their funds and programmes. The transactions of all UN organisations were in accordance with the UN Financial Regulations and Rules to a satisfactory extent. Unfortunately, it proved to be difficult to find a strong body of comparable audit information for the specific country offices of the UN organisations in the PT. UNDP was the only organisation with a significant amount of audit reports of its programmes in the PT. The other organisations did not regularly conduct audits of their country office's efforts in the PT. However, the ones that were available were quite positive: 80% (32 out of 40) were classified as satisfactory, 20% (8 out of 40) as partially satisfactory and none of the audits found an unsatisfactory situation. Moreover, for UNDP and UNFPA, the country offices in the PT stand out positively in comparison with other countries. Also, the UN organisations made substantial progress towards financial reporting and transparency by adopting the International Public Sector Accounting Standards (IPSAS). WFP has implemented financial reporting in accordance with IPSAS from 2008 and UNDP, UNFPA and UNICEF from 2012. UNWRA seems to be facing challenges with full implementation of IPSAS.<sup>383</sup> In 2014, the Aid Transparency Index recognised UNDP as the most transparent development organisation for its 'commendable performance' in publishing information beyond international standards. Ranking 14<sup>th</sup>, UNICEF scores high as well.<sup>384</sup>

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In addition, the Office of Audit and Investigation (OAI) is mandated to provide independent and objective internal audits, related advisory services and investigation services. Although no evidence of large-scale misuse of funds was found in any of the audit reports, the OAI and the UN Board of Auditors formulated many audit recommendations. The UN organisations made significant progress in addressing these recommendations. These efforts proved to be mostly effective, while the WFP and UNFPA show a relatively slow pace of implementing the recommendations.

Finally, the UN Ethics Office aims to ensure the highest standards of integrity. It promotes a secure and confidential environment where staff can feel free to consult on ethical issues, and seek protection against retaliation for reporting misconduct. For example, the establishment of an anti-fraud Investigation Hotline provides a confidential mechanism where individuals can anonymously report fraud or other types of wrongdoing. Through the OAI and Ethics Office, all reports of alleged wrongdoing are taken seriously and are investigated. All UN organisations adopted a zero tolerance policy against fraud and

<sup>382</sup> UN website : [www.un.org/en/auditors/board](http://www.un.org/en/auditors/board). For WFP, the WFP Audit Committee and WFP External Auditor fulfill this role.

<sup>383</sup> UN Board of Auditors, 2008-2014; WFP Audit Committee, 2008-2014; WFP, 2014a; UNRWA, 2008, 2011.

<sup>384</sup> Aid Transparency Index website: <http://ati.publishwhatyoufund.org/donor/undp/>.

corruption. In case of actual misconduct, disciplinary measures and other actions were taken in response to fraud and corruption.<sup>385</sup>

### *EU audits*

Since 2008, the PEGASE DFS has been the EU's largest programme in the PT. It was implemented by the European External Action Service (EEAS) and the EC. Extensive audits were undertaken on a yearly basis, and no major irregularities of expenditures were found. Audit reports concluded that the EEAS and the EC had succeeded in implementing direct financial support to the PA despite difficult circumstances, but that several programming aspects of the funding for PEGASE DFS need to be strengthened. Although a robust verification system was established to ensure that funding reaches the eligible beneficiaries, this complex management system is in need of simplification. Also, the EC procured the contractors without competitive tendering because of the crisis situation, whereas tendering would have allowed them to obtain services more economically. Moreover, the large-scale funding from PEGASE DFS was not efficiently used as leverage with the PA to push forward much-needed reforms, notably in the field of civil service reform. Despite the large PEGASE DFS funding, the PA faced a severe budget deficit and liquidity crisis in 2012 that threatened to erode progress made in PFM risks reforms.<sup>386</sup>

PEGASE DFS reached its intended beneficiaries – civil servants and pensioners – despite the fact that the number of beneficiaries increased while the funding through PEGASE DFS from other donors declined. In 2012, this caused serious delays in the salary payments, which in turn led to widespread unrest amongst the Palestinian population. Due to the political situation in Gaza, through PEGASE DFS, many civil servants in Gaza were being paid without going to work and providing public services. In addition, the situation in Gaza impeded the on-the-spot controls to ensure that rent-seeking was not taking place. Approximately half of the PEGASE DFS funding for fuel purchases (EUR 90 million) was spent on Value Added Tax (VAT) and excise duties. A shortcoming was that the EC was unable to establish whether the PA actually used reimbursed amounts for the intended purpose of providing essential public services. In general, however, the quality control of inputs was of an extremely high efficiency and quality throughout the programme. Fiduciary mechanisms were often mentioned in the PEGASE-related documents, both in the appraisal phase and in the evaluation, as was to be expected in a setting in which such large sums of money are transferred.<sup>387</sup> For example, eligibility of beneficiaries is verified and the payments are made directly to the intended beneficiaries and are verified ex-post.<sup>388</sup> This proved to be a high-quality mechanism, which offers a flexible, efficient and accountable investment in the building of Palestinian statehood.<sup>389</sup> One indirect sign of the reliability of PEGASE's audit system is the fact that other donors are exploring the possibility to join the

<sup>385</sup> UN Ethics office website: <http://www.un.org/en/ethics>.

<sup>386</sup> European Court of Auditors, 2013, pp. 6, 33-34.

<sup>387</sup> Ecorys, 2015, pp. 44-45.

<sup>388</sup> European Court of Auditors, 2013, pp. 6, 33-34.

<sup>389</sup> Business & Strategies Europe, 2011, p. 5.

mechanism, including the United Kingdom.<sup>390</sup> Fiduciary risks regarding the Dutch support to PEGASE were discussed in chapter 5 on governance.

### *Corruption in the PT*

Surveys show that perception of corruption is high across the Palestinian population. Interestingly, among the least prevalent forms of corruption are bribery, embezzlement and illicit gain. The nature of complaints and corruption cases show the same results.<sup>391</sup> Bribery is not as widespread in the PT as in other Arab countries. However, Palestinian society is not free from bribery and it should not be underestimated. In fact, bribery is increasing due to the regress in transparency of public institutions, especially in Gaza.<sup>392</sup> The most prevalent types of corruption in the PT are *wasta*<sup>393</sup>, patronage and favouritism.<sup>394</sup> These forms of corruption are widespread, especially in relation to senior high-level appointments in public institutions and access to social services and health services.<sup>395</sup> In general, citizens report that they are willing to use *wasta* in spite of their perception that it is deplorable. In fact, the majority finds it acceptable to use it if necessary to obtain a goal or to expedite the public services they need.<sup>396</sup> Although these types constitute the most common manifestations of corruption in all sectors, they are most dominant in the public sector.<sup>397</sup>

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Since its inception, the PA faced major internal and external challenges impeding its efforts to establish and implement an effective anti-corruption framework. These include the continuous suspension of elections and the subsequent unilateral authority of the President in administering both the executive and judicial government branches.<sup>398</sup> Another obstacle is PA's lack of full sovereignty over its administered territories. Furthermore, the continued paralysis of the PLC obstructs the exercise of holding the government accountable on the budget, use of public funds, appointments of high levels officials or use of tools for parliamentary oversight. The transparency of the Palestinian general budget also varied considerably over the years, but is considered weak.<sup>399</sup> The lack of access to information under the law impedes civil society and the media from fulfilling a watchdog role.<sup>400</sup> However, in spite of the political and financial instability of the PA, some significant and visible progress was made in strengthening the legal and institutional framework against corruption. Citizens' trust towards government procedures improved, notably related to prosecuting corrupt individuals escaping justice.<sup>401</sup>

<sup>390</sup> Ecorys, 2015, pp. 44-45; interview with DFID officer.

<sup>391</sup> AMAN, 2014, pp. 12-15.

<sup>392</sup> AMAN, 2015, p. 30; AMAN, 2012, p. 18.

<sup>393</sup> *Wasta* is an Arabic word that refers to getting things done by using personal social connections or influence rather than through merit.

<sup>394</sup> AMAN, 2014, p. 8; Anti-Corruption Resource Centre, 2012, p. 1.

<sup>395</sup> IOB interview with AMAN representative, 2015.

<sup>396</sup> AMAN, 2014, p. 8.

<sup>397</sup> AMAN, 2012, pp. 16-18; World Bank, 2011, pp. 7, 12.

<sup>398</sup> Anti-Corruption Resource Centre, 2012, p. 1.

<sup>399</sup> AMAN, 2014, p. 6.

<sup>400</sup> Anti-Corruption Resource Centre, 2012, pp. 1-2.

<sup>401</sup> AMAN, 2015, p. 6 ; AMAN, 2012, p. 7.

Despite these improvements, citizens continue to believe that corruption is common in the PA institutions.<sup>402</sup> Interestingly, surveys show that the perception of corruption was much higher than actual experience for the vast majority of public services.<sup>403</sup> This wide gap between perceptions and experiences is difficult to explain. While actual experience may be underreported, this does not satisfactorily explain the exceptionally large discrepancy. It could provide an indication of the lack of citizen's trust in the integrity of the public institutions responsible for fighting corruption.<sup>404</sup> It could also be that perceptions are exaggerated by experiences with corruption in the early years of the PA. Also, there could be a more general sense of dissatisfaction with government performance and its willingness to punish official corruption.<sup>405</sup>

#### *Dealing with fiduciary risks and corruption*

Risk management does not solely focus on risk reduction. It is more about striking an appropriate balance between risks and opportunities, or between several sets of risks. Donors sometimes take risks that in turn reward their spending. In other words, donors balance short-term fiduciary risks against long-term development goals.<sup>406</sup> Taking certain development aid risks should be understood against this background. But donors, also in the PT, are increasingly averse to risk – particularly to fiduciary risks – as the pressure to account for the use of public funds and the general intolerance of corruption increases. Although most donors employ zero tolerance policies on corruption, as a rule, they do accept that fragile contexts inevitably involve an increased exposure to corruption. But, accepting this does not imply accepting corruption or the risk of corruption itself.<sup>407</sup> At the same time, efforts to reduce fiduciary risks – such as strict financial controls and audits – could unintentionally reduce the efficiency and effectiveness of development aid. Donors often choose to use pooled funds as they generally contribute to mitigation of fiduciary risks. Also, supporting capacity development is a form of risk management, as weak capacity is an important risk for donor aid.<sup>408</sup> In the end, certain 'residual risks' will always remain, despite all efforts to mitigate them.<sup>409</sup>

<sup>402</sup> AMAN, 2015, p. 17; AMAN, 2014, p. 6.

<sup>403</sup> Anti-Corruption Resource Centre, 2012, p. 1; World Bank, 2011, p. xviii.

<sup>404</sup> AMAN, 2015, p. 31.

<sup>405</sup> Anti-Corruption Resource Centre, 2012, p. 1-2; World Bank, 2011, pp. xx, 16.

<sup>406</sup> OECD, 2014, pp. 8, 12.

<sup>407</sup> OECD, 2012, pp. 16-17, 122.

<sup>408</sup> OECD, 2012, pp. 61, 79, 83.

<sup>409</sup> OECD, 2014, p. 12.

## 8.6 Conclusions

The Netherlands consistently channelled significant amounts of development aid to the PT through multilateral organisations, not only via bilateral aid, but also via unearmarked core contributions. Between 2008 and 2014, a total of about EUR 165 million was channelled to the PT through various multilateral organisations such as the EU and the UN. For reasons of assumed efficiency and effectiveness, the Netherlands in principle prefers the multilateral channel. The Netherlands ranks as the seventh largest donor through the multilateral channel. In various instances, Dutch efforts to indirectly influence the policy were relatively successful. Through an active and vocal attitude, the Netherlands generally established close relationships and coordination with country offices of multilateral organisations in the PT.

The multilateral organisations work with the PA, primarily in the areas of governance, economic empowerment, health, food security and humanitarian aid. All interventions of the UN organisations UNRWA, WFP, UNDP, UNICEF and UNFPA were highly relevant as they were well aligned with Palestinian development priorities and responded to the critical needs of the Palestinian population. They reflected a strong alignment with the Dutch policy as well. The interventions were largely effective at the operational level. However, their contributions to higher-level goals were only marginal and unsustainable, with the exception of capacity building elements. This was largely due to the binding constraints of the complex context, which significantly undermined the effectiveness of development efforts.

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The EU only to some extent used its position as influential political actor and important trade partner to put more political pressure on Israel to relax the measures imposed on the PT.

The EU insufficiently used its leverage as a large donor of the PA to push forward the much-needed civil service reforms. In particular the large-scale funding from PEGASE DFS was not accompanied by a complementary parallel political track. This was largely due to the lack of consensus among the member states, in particular on the application of conditionality measures to the PA.

Moreover, the absence of an adequate monitoring and evaluation framework hindered the necessary strategic, systematic and sustained results-based dialogue with both the PA and Israel.<sup>410</sup> Meanwhile, given the absence of a democratic process, the EU facilitated a governance system in which the Palestinians had virtually no mechanism for holding the PA accountable for resource allocation and management. Again, the EU should use its leverage to urge the PA to take its responsibility in this respect.

Audit reports did not uncover any major irregularities in the accounts of the EU and the UN organisations and their funds and programmes. In case of actual misconduct or alleged reports of wrongdoing, adequate disciplinary measures and other actions were taken in response to fraud and corruption. All organisations made significant progress in implementing the formulated recommendations, but often at a relatively slow pace. All organisations adopted a zero tolerance policy towards fraud and corruption.

<sup>410</sup> In 2015, the EU and the PA agreed on a results-oriented framework for PEGASE to monitor progress in the reform programme of the PA.

Interestingly, corruption in the form of bribery, embezzlement and illicit gain is relatively low in the PT in comparison with other Arab countries. Wasta, patronage and favouritism are however widespread, especially in relation to senior high-level appointments in public institutions and access to social services and health services. Strict financial controls and audits were often carried out and many risk management mechanisms were in place. At the same time, such efforts to reduce fiduciary risks could unintentionally reduce the efficiency and effectiveness of development aid. In a complex and fragile context such as the PT 'residual risks' will always remain, even despite all efforts to mitigate and counter fiduciary risks and corruption.



9

## The private channel

## 9.1 Introduction

### *Description*

Until 1967, CSOs in the PT were mainly involved in charitable work. After 1967, however, they played an important role in political mobilisation for the liberation of Palestine; development work was given lower priority. From 1987 on, CSOs have worked on strengthening grass-root organisations to connect resistance with construction and development and thus meet the demands of local communities. Large NGOs such as PARC emerged from this.

NGOs became a considerable force in development, providing services in a variety of sectors. The PT is now one of the most heavily subsidised countries in the world.<sup>411</sup> Much funding was channelled to 8 to 10 larger NGOs. Their dependency from donor agendas increased. A major part of funding came from Western countries, but Arab contributions for funding NGOs and Hamas in Gaza increased notably. Much funding has been used to recover from the demolition caused by Israeli military operations. The European Commission Humanitarian Aid department (ECHO) and USAID are the biggest donors. Israel mainly allowed for humanitarian aid.

After 2005, most of the humanitarian aid was channelled through International NGOs (INGOs) and UN Agencies. They competed with Palestinian NGOs for funding and small local NGOs and grass-roots organisations in particular had hard times.<sup>412</sup> Local NGOs took responsibility for implementation. Survival became more important for them than working towards a strong civil society. Many NGOs are also involved in themes such as peace dialogue, campaigns against the Israeli occupation and human rights, including women's, youth and children's rights.<sup>413</sup> Palestinian NGOs are also engaged in lobby for peace and justice at the international level, together with their Northern partners.

The work of NGOs is appreciated in the PT and abroad for its contribution to peacebuilding and human rights protection.<sup>414</sup> They also achieve this through communication with like-minded Israeli NGOs that have access to Israeli authorities. The conduct of NGOs is not always undisputed. Some of them are criticised for anti-Israel campaigns such as Boycott, Divestment and Sanctions (BDS).<sup>415</sup> They were at times blamed for publishing anti-Semitic cartoons and for using inappropriate language to disqualify Israeli occupation policy.<sup>416</sup>

<sup>411</sup> Turner, M. and O. Shweiki, 2014: about EUR 1.5 billion in 2012 (source: IMF) or EUR 256 per capita in 2013. Devoir, J. and A. Tartir, 2009: the PA received about 90% of external funding; NGOs 10%.

<sup>412</sup> Hanafi, S. and L. Tabar, 2004.; Turner, M. and O. Shweiki, 2004.

<sup>413</sup> Israeli NGOs are supported by Western donors to campaign for ending the occupation and promoting peace and human rights in the PT too.

<sup>414</sup> E.g.: NGOs are most trusted to provide legal aid services. UNDP, 2012.

<sup>415</sup> BDS is a controversial position and approach and there is no uniform Dutch or EU political stance on this issue.

<sup>416</sup> Reference was made to terms such as: 'apartheid', 'racist state', 'ethnic cleansing', 'colonisation', 'ghetto' and 'massacre': [www.ngo-monitor.org](http://www.ngo-monitor.org) and interview with Gerald Steinberg (President NGO Monitor) and other staff members, 12 August 2015.

The NRO has always been very alert towards any suspect of anti-Semitic attitudes amongst funded organisations. It always raised concerns in donor consortia whenever they occurred.

As to business life, capital concentrated in a few core business conglomerates after the Oslo accords. These conglomerates were run by PA officials and wealthy diaspora Palestinians with close ties to the PA. Thus, the PA became a competitor to SMEs, which weakened the private sector and centralised economic power with the PA.<sup>417</sup> SMEs, once the backbone of the Palestinian economy, are facing movement and access restrictions; they are dependent on Israel for raw materials, imports and exports and they have little access to investment capital, trade, external markets and economic development initiatives.<sup>418</sup>

### *Dutch support*

Dutch subsidies are mostly channelled through Dutch private organisations such as NGOs, trade unions and business, financial and research institutions. The subsidies are meant to fund development activities. The best-known and largest subsidy programmes are MFS I and II. In the context of this evaluation, most of the expenditures by private organisations were identified.<sup>419</sup>

### **Box 8** *Private organisations active in the PT subsidised by the MFA 2007-2014*

- In the context of MFS I, programmes of NGOs in the PT were supported by the Interchurch Cooperative for Development Cooperation (ICCO), Oxfam Novib, Cordaid and some smaller organisations between 2007 and 2011. Out of more than 60 worldwide MFS I partners, these were the only organisations active in the PT.<sup>420</sup>
- During MFS II (2011-2015), five out of 19 alliances subsidised Palestinian NGOs. These are the IMPACT Alliance (lead agency: Oxfam Novib), the ICCO Alliance (lead agency: ICCO), the United Entrepreneurship Coalition (UEC; lead agency: SPARK), the Communities of Change Alliance (lead agency: Cordaid) and the Freedom from Fear Alliance (lead agency: Pax). Only the alliances' lead agencies are active in the PT, except for the UEC and the ICCO Alliance.
- Mondiaal FNV funded sister trade unions in the PT in the period 2008-2012.<sup>421</sup>
- VNG-I supported the development of local government and local government associations in the period 2008-2014.<sup>422</sup>

<sup>417</sup> Bouillon, M., 2004; Hilal, J. and M. Khan, 2004; Fjeldstad, O-H. and A. Zagha, 2004.

<sup>418</sup> Bouillon, M., 2004; Turner, M. and O. Shweiki, 2014; Zagha, A. and H. Zomlot, 2004; Khan, M., et al., 2004.

<sup>419</sup> More organisations received subsidies from the Netherlands that were partly spent in the PT. However, only the figures for worldwide contributions were registered in the information systems of the MFA. No specification was given for the expenditure in the PT. It concerns about 10 organisations and the worldwide amounts are relatively small. Therefore we have excluded these organisations from our inventory.

<sup>420</sup> Websites, Annual Reports 2008-2011 and BEMOs of all organisations that spent more than EUR 0.5 million worldwide (51 out of 61 MFS I partners) were analyzed. In most cases, it was explicitly established that no activities were carried out with MFS I funds in the PT; in some cases, there was no evidence of such activities. Some MFS I funds were still transferred in 2011 although MFS I concerned 2007-2010.

<sup>421</sup> [www.fnv.nl](http://www.fnv.nl).

<sup>422</sup> [www.vng-international.nl](http://www.vng-international.nl).

- PUM Netherlands senior experts voluntarily provide business advice and technical assistance to entrepreneurs. Annually, about 30 missions to the PT were undertaken. About EUR 190.000 of subsidies of the Government of the Netherlands were spent in that context.<sup>423</sup>
- ICARDA is active in a large number of countries. Between 2009 and 2013, the centre received about EUR 8 million as subsidy from the Government of the Netherlands, most of it in the form of core funding. A number of activities are carried out in the PT and some of these were funded by the Netherlands.<sup>424</sup> However, given the prominence of core funding, it is difficult to say which share of the Dutch contributions went to the PT.
- Halo Trust is a British/American charity engaged in removing mines left behind after wars. The Netherlands supported activities on the West Bank with about EUR 500.000 (2013-2014).<sup>425</sup>

Between 2008 and 2014, the Netherlands spent a total of approximately EUR 45 million through the private channel.<sup>426</sup> Table 5 shows the expenditures per organisation.

Organisation	Expenditures (in EUR million)
Oxfam Novib	15.9
ICCO	9.6
Cordaid	7.5
Spark	4.2
VNG International	1.7
Pax	1.3
Mondiaal FNV	0.4
Others <sup>427</sup>	4.4
<b>Total</b>	<b>45.0</b>

In the next sections, the programmes of each of these seven Dutch organisations in the PT are reviewed.<sup>428</sup>

<sup>423</sup> [www.pum.nl](http://www.pum.nl) and information Hans Luursema (Deputy Director PUM), 4 December 2015.

<sup>424</sup> ICARDA, 2008-2014.

<sup>425</sup> A portion of these funds was spent on equipment purchased internationally; a further proportion was spent in Israel. Information from Tom Meredith, Regional Director Halo Trust, 7 December 2015.

<sup>426</sup> This is an estimate as it proved hard to calculate all expenditures exactly, as financial systems were not always fully accurate and information was not always available.

<sup>427</sup> PUM, ICARDA, Halo Trust, FLOW and other funds.

<sup>428</sup> This review is largely based on interviews, financial data, annual reports of Dutch organisations and their partners.

## 9.2 Co-financing organisations

### Oxfam Novib

#### Introduction

Oxfam Novib has been active in Gaza, the West Bank and East Jerusalem since 1982. The organisation also supports partners in Israel.<sup>429</sup> In the context of MFS II 2011-2015 Oxfam Novib formed the Impact Alliance with four other NGOs. Oxfam Novib is its lead agency and the only member working in the PT.

Oxfam Novib envisages an end to the occupation and peace between Israelis and Palestinians that will bring security and prosperity for both parties. It supports the two-state solution. Violence and oppression against civilians on all sides is condemned.<sup>430</sup> Oxfam Novib aims to improve the lives of the poor, countering the detrimental effects of fragmentation on the Palestinian community and contributing to conflict transformation. The programmes supported in the PT serve Oxfam Novib's rights-based approach.<sup>431</sup> Beneficiaries are people with conflict-related traumas, victims of human rights abuse, small farmers and agricultural workers, women, youth and refugees.<sup>432</sup>

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With MFS subsidies, Oxfam Novib supported about 25 prominent partners in 50 larger projects in the PT. Some projects in Israel are also supported, addressing the Israeli-Palestinian conflict and awareness raising activities in the North about the impact of the occupation on civilians.<sup>433</sup> Expenditures amounted to EUR 15.9 million in the period 2008-2014.<sup>434</sup>

Many projects focus on gender issues, such as gender-based violence, women's rights and leadership, equal participation and economic empowerment. Another prominent theme is human rights protection, with a focus on awareness raising, training, legal aid and advocacy. The conflict transformation programme addresses the driving factors of the conflict. Furthermore, projects are supported that promote and strengthen social and political participation, governance, rule of law, transparency, accountability, democratisation and the role of civil society. In the health sector, the focus is on empowerment of communities to demand their right to health care and on sexual and reproductive health and rights (SRHR). In the education sector, better access and quality are promoted.

<sup>429</sup> Interview Nickie Monga (Acting Associate Country Director Oxfam Novib in the PT and Israel), 10 December 2014.

<sup>430</sup> [www.oxfamnovib.nl](http://www.oxfamnovib.nl), retrieved at 27 July 2015.

<sup>431</sup> Rights distinguished are: sustainable livelihood resources, basic social services, life and security, social and political participation, identity. Impact Alliance, 2011: pp. 7-73. These goals refer to programmes in the PT and other countries. [www.oxfamnovib.nl/occupied-palestinian-territories](http://www.oxfamnovib.nl/occupied-palestinian-territories), March 2011, retrieved at 27 July 2015.

<sup>432</sup> [www.oxfamnovib.nl/occupied-palestinian-territories](http://www.oxfamnovib.nl/occupied-palestinian-territories), March 2011, retrieved at 27 July 2015.

<sup>433</sup> <http://atlas.oxfamnovib.nl> (Atlas contains supported projects and partners); Impact Alliance, 2012, pp. 36, 70.

<sup>434</sup> Expenditures in Israel and for activities in the North related to the Israeli-Palestine conflict are not included in this figure.

### Relevance

The supported activities were relevant to the Palestinian people as they addressed pressing needs, such as adequate livelihood resources and social service provision, just human rights and security policies and a more equal position of women. The programme was also relevant to Dutch policy as it supported conflict transformation processes that contribute to peace, security and prosperity. Interventions in the field of livelihood were relevant to the intermediate goal of economic viability and the contributions to policy development in the field of health, education, agriculture and gender were relevant to the intermediate goal of state building.

### Effectiveness<sup>435</sup>

Partners effectively contributed to the development of the Palestinian National Health Strategy 2011-2013, to inclusion of civic education in school curricula of the Ministry of Education (MoE) and UNRWA, to influencing agricultural policies and to the National Gender Strategy of the PA.

Human rights violations by the PA and Israel were monitored and reported on; legal counselling and awareness raising sessions to 6000 people were held which often led to legal aid cases; resources were raised to bring some cases of violations by Israel or the PA to court; more than 300.000 civilians are better able to protect themselves against violence thanks to health services and information provided; better human living conditions were created for poor people in East Jerusalem.

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Access to public health care was improved, mobile clinics for women in remote areas were run, health consultation services in schools and kindergartens were provided, more men were involved in SRHR issues, but success in interesting them in sexual education is still marginal. A partner successfully intervened with the authorities to allow patients from Gaza to undergo medical treatment in Israel.

Sharia law and courts were made more gender sensitive and the PA's criminal justice system more gender just; a television show of two partners on gender-based violence was broadcasted five times; a pool of 100 female journalists and media professionals was created to analyse political issues from a gender perspective; understanding was enhanced among 1700 women and youth about citizenship, rights, advocacy and campaigning. Awareness raising contributed to more women successfully claiming their right to maintenance. Emotional and social support was provided to more than 3000 women. The opportunity for women to improve their access to income, markets and productive land through empowering them socially and economically was enhanced.

<sup>435</sup> This section is based on the monitoring reports of the Impact Alliance 2011, 2012, 2013; Ryan, E., et al., 2012; Raab, M., 2009; Mazaya Business Services, 2010; European Commission / Oxfam Novib, 2015, pp. 1-7.

### Sustainability

In the complex and often violent context of the PT it is difficult to predict sustainability of achievements. Structures and institutions that are established and operational today may easily be destroyed or obstructed tomorrow. Nevertheless, evaluations of the Women's Centre for Legal Aid and Counselling (WCLAC) and of the East Jerusalem Consortium Project (EJPC) reported that the effects of the projects appear to produce sustainable change and benefits among their target groups.<sup>436</sup> Other reports did not raise the issue of sustainability.

### Coherence

Since 2011, there have been meetings between Oxfam Novib and other Dutch NGOs present in the PT and the NRO aimed at strengthening coordination as a precondition for coherence. Oxfam Novib provided feedback to the MASP 2012-2015 and shared the aim of the Dutch government to achieve a democratic Palestinian state alongside Israel as part of a two-state solution and worked on most of the NRO strategic priorities. Oxfam Novib partners in the PT supported policy and strategy development of the PA, thus contributing to state building and development of a viable economy. Oxfam Novib developed working relations in the PT with Dutch NGO Pax and information was exchanged with VNG-I.<sup>437</sup> Oxfam Novib supported activities in the PT, Israel and in Europe that aim to achieve a just peace; such activities were complementary to each other.

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## Cordaid

### Introduction

Cordaid supported projects in the context of MFS I and MFS II in both the PT and Israel. It is the lead agency of the Communities of Change Alliance and the only member active in the PT. The alliance has six other members; Pax is one of them.<sup>438</sup>

The goals of Cordaid in the PT are, like those of most other Dutch NGOs, to end the occupation, to establish two states and to build a peaceful and democratic society with an important role for women and youth. According to Cordaid, a strong civil society in both Israel and the PT is required to achieve those goals. During MFS I the rights of Palestinians and strengthening their mental resilience were priorities. After 2010 the activities became more political, addressing both Israel and the PA.<sup>439</sup> The focus was on state building, advocacy for security and justice, human rights and women's rights in the context of conflict transformation. Cordaid, through participation in United Civilians for Peace (UCP) and the International Cooperation for Development and Solidarity (CIDSE)<sup>440</sup>, and Palestinian partners such as Ma'an Development Center<sup>441</sup> were engaged in lobbying and advocacy at

<sup>436</sup> Raab, M., 2009; European Commission/Oxfam Novib, 2015.

<sup>437</sup> Impact Alliance, 2011, p. 87; 2012, p. 91; 2013, p. 117.

<sup>438</sup> [www.cordaid.nl](http://www.cordaid.nl). Pax is also active in the PT as lead agency of the Freedom from Fear Alliance.

<sup>439</sup> Interview with Erica ten Broeke and Sabina Atzei (both Cordaid), 3 March 2015 and information Erica ten Broeke, 7 October 2015.

<sup>440</sup> [www.unitedcivilians.nl](http://www.unitedcivilians.nl). UCP is a Dutch NGO platform (Cordaid, ICCO, Oxfam Novib, Pax) aimed at a just and peaceful solution of the Israeli-Palestinian conflict with a focus on rights of civilians. CIDSE is an international alliance of Catholic development agencies working for global justice.

<sup>441</sup> Ma'an, 2015, p. 7.

national and international level. Beneficiaries were women, youth, children, mental health patients, Community Based Organisations (CBOs) and grass-root groups.

Cordaid supported about 40 partners and a much larger number of projects in the PT with MFS subsidies in the period 2008-2014. EUR 7.5 million was spent (MFS I: EUR 5.0 million and MFS II so far: EUR 2.5 million). In addition, EUR 3.5 million was spent in Israel, most of it in the period 2011-2014.<sup>442</sup>

Many supported partners focus on advocacy with the PA for more political and social participation, access to justice, better education, human, women's and children's rights, mental health legislation and commitment to rehabilitation works. Some of them contribute to state building through cooperation with the PA.<sup>443</sup> Other projects concern civil society development, building democracy and promoting just peace through capacity development of CBOs and empowerment of grass-root groups, women leadership and awareness raising of children on peaceful development of a Palestinian state through education and drama.<sup>444</sup> Strengthening the resilience of the poor through improvement of food sustainability and care for people with psycho-social problems were also supported.<sup>445</sup>

### Relevance

The programme supported by Cordaid addressed some key problems faced by Palestinian people, such as lack of access to justice and education, human rights violations, gender inequality, psychological damage among adults, youth and children and poverty. Also activities to promote peace and to strengthen civil society were relevant to the Palestinians. The emphasis on state building, promotion of security, justice, peace and democracy, civil society building and the promotion of human and women's rights were all in agreement with Dutch policy. The state building interventions were relevant to the intermediate goal of establishing a functioning state.

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### Effectiveness

In the context of the fight against injustice and violations, the West Bank population was motivated to take a leading role in advocating their rights in the face of the Israeli occupation. Lobbying and advocacy capacities of CBOs, youth and women organisations improved; they took action to address rights issues in their communities and at national as well as at international level.<sup>446</sup>

<sup>442</sup> Information system Cordaid, November 2015. The figures show that the emphasis of expenditure shifted from Palestinian partners to Israeli partners. E.g.: in 2008, about 80% went to Palestinian NGOs, whereas in 2014 this had gone down to only 48%.

<sup>443</sup> [www.theatreday.org](http://www.theatreday.org), [www.wsc-pal.org](http://www.wsc-pal.org), [www.pcc-jer.org](http://www.pcc-jer.org) and [www.maan-ctr.org](http://www.maan-ctr.org); all retrieved at 15 September 2015.

<sup>444</sup> Information system Cordaid, November 2015; [www.maan-ctr.org](http://www.maan-ctr.org) and [www.masader.ps](http://www.masader.ps); all retrieved at 15 September 2015.

<sup>445</sup> [www.pcc-jer.org](http://www.pcc-jer.org) and [www.maan-ctr.org](http://www.maan-ctr.org), both retrieved at 15 September 2015.

<sup>446</sup> Cordaid, 2013a, pp. 4, 11-12; Ma'an, 2015, p. 8.

Through CBOs, women and youth in particular were empowered to play a role as advocates for democratic change processes. After training, they understood the importance of democracy, of pressurizing decision makers to work on rights, citizenship and democracy issues, of women and youth participation in public society and of gender equality. Their abilities to realise change within society in a nonviolent and democratic way improved and their visibility in civil participation increased.<sup>447</sup>

The Palestinian Counselling Centre (PCC) was consulted about the formulation of national mental health plans and strategies. Many adults and children were supported in the context of protection and therapy. With PA Ministries, the services at juvenile delinquency centres were improved. Children vulnerable to psychosocial problems were reached by theatre productions. They found healing after demolition and loss and developed more individual growth and social skills than children who did not participate.<sup>448</sup>

Programmes for combatting sexual violence against women and SRHR were implemented and films about children's rights were disseminated to 3000 school students and 1000 parents.<sup>449</sup> The agricultural sector developed, the food security situation improved and animal husbandry was promoted. The living standard of poor farmers in six sites in Gaza improved.<sup>450</sup>

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### *Sustainability*

In the documents little information was provided on sustainability of the implemented activities. Many interventions concern capacity and awareness building and empowerment of CBOs, women and youth on issues such as democracy, civil participation, women's rights and advocacy. It may be assumed that at least some of the communicated messages will be sustainable. In the case of a rehabilitation project, it was reported that lobby and communication of CBOs with the authorities had contributed to its sustainability. In relation to a skill development project for CBOs, some concern was raised about its sustainability and results.<sup>451</sup>

### *Coherence*

Cordaid's director and staff regularly visited the NRO in Ramallah. The discussions were about coordinating the development activities in order to strengthen coherence and to prevent overlap with the work of other NGOs, including Dutch. The director of Cordaid had discussions with the PA as well between 2008 and 2011.<sup>452</sup>

<sup>447</sup> Cordaid, 2013b, pp. 3-5; Ma'an, 2015, p. 8; PCDP, 2010, 2011, 2012.

<sup>448</sup> GCT, 2009, p. 2; DICE, 2010, pp. 33-40; <http://www.theatreday.org>, retrieved at 15 September 2015; TDP, 2013, pp. 2-3.

<sup>449</sup> Ma'an, 2014, pp. 3-11; Women's Studies Centre, 2013, pp. 5-6; Palestinian Counseling Center, 2013, p. 4.

<sup>450</sup> SDI, 2011, pp. 2-3; Ma'an, 2013, p. 2.

<sup>451</sup> Ma'an, 2015, p. 8; ABC Consulting, 2009, pp. 4-5.

<sup>452</sup> Information Sabina Atzei (Cordaid), 16 March 2015.

## ICCO

### Introduction

ICCO has been active in the PT since the seventies. It has a programme with Israeli NGOs too. ICCO received a MFS I subsidy and the ICCO Alliance a MFS II subsidy. The alliance has seven members; ICCO is its lead agency. ICCO Alliance member Kerk in Actie (KiA) is also active in the PT. In 2012 ICCO changed its name to ICCO Cooperation.<sup>453</sup>

Conflict transformation and peacebuilding, aimed at ending violence and changing negative relations between conflicting parties leading to peace was one of the policy themes.<sup>454</sup> Democratisation, aimed at institutionalisation of political, civil, economic and cultural rights was another important theme.<sup>455</sup> The right to self-determination for the Palestinians and the end of the occupation became a more prominent theme after 2011. The programme of conflict transformation and democratisation had two objectives: accountability and nation building. Accountability by Israel to protect human rights was considered a necessary step towards a just peace, and nation building would contribute to unifying the divided Palestinian population with economic development as a tool for unification. Advocacy for peace, democracy and self-determination in the PT, Israel and at international level form a part of ICCO's policy.<sup>456</sup>

About 25 partners and 40 projects were supported in the PT with MFS I and II funds in the period 2008-2014.<sup>457</sup> Expenditures amounted to EUR 9.6 million.<sup>458</sup>

In the context of conflict transformation and democracy a large variety of activities was supported. The focus was on building a democratic, peaceful and just society and on social, economic and human rights. These activities went mostly hand in hand with support for improvement of the material conditions of vulnerable groups in the agricultural, water and sanitation, health, education and economic sectors. Examples of supported projects are: psychosocial counselling, promotion of women leadership, protection of children's rights, legal aid to Palestinian political prisoners, emergency aid and campaigns against the separation wall. Beneficiaries were: women, children, prisoners, refugees, farmers, entrepreneurs and victims of human rights violations.<sup>459</sup>

### Relevance

The programme was relevant for the Palestinian people as it aimed to address the effects of the conflict between Israel and the PT, the need for state building and the wish to achieve a

<sup>453</sup> [www.icco.nl](http://www.icco.nl), retrieved at 3 September 2015. 'ICCO' is used here when also 'ICCO Cooperation' is meant.

<sup>454</sup> ICCO Alliance, 2009, p. 72; ICCO Alliance, 2011, p. 61.

<sup>455</sup> ICCO Alliance, 2010, pp. 59-60; ICCO Alliance, 2011, pp. 55-56; ICCO, 2012a, p. 44.

<sup>456</sup> ICCO, 2012b, pp. 12-17.

<sup>457</sup> Information ICCO information system, April 2015.

<sup>458</sup> In addition, EUR 1.4 million (2011-2014) was disbursed in Israel and at international level. Information ICCO, April and December 2015.

<sup>459</sup> [www.badil.org](http://www.badil.org); [openfsm.net/projects/opgai-fsm/project-home](http://openfsm.net/projects/opgai-fsm/project-home); [www.ej-ymca.org](http://www.ej-ymca.org); [www.phg.org](http://www.phg.org); [www.addameer.org](http://www.addameer.org); [www.stopthewall.org](http://www.stopthewall.org); [www.intal.be/nl/health-work-committees-palestine](http://www.intal.be/nl/health-work-committees-palestine); [www.imemc.org](http://www.imemc.org); [www.ywca-palestine.org](http://www.ywca-palestine.org); all retrieved at 3 September 2015.

just peace. Vulnerable groups were served by projects that aimed to improve their material and human conditions. The activities aimed at ending the conflict and establishing a democratic, functioning state were relevant to the Dutch policy objectives too. Promotion of economic activity by financing research and sustainable development programmes were relevant to the achievement of the intermediate goal of developing a viable economy. Support for themes such as gender, human rights, water and emergency aid was also in line with Dutch policy.

### *Effectiveness*

The programme contributed to conflict transformation by promoting the dialogue between Israeli and Palestinians and between different Palestinian communities. Palestinian people were given voice too, through protests against the Israeli settlements on the West Bank, other rights violations under the occupation and (economic) empowerment of women. Vulnerable people, such as political prisoners, were supported. People at grass-roots level were empowered to exercise their rights. Rule of law, just peace and active citizenship at government level was promoted and at political level the space for civil society was advocated.<sup>460</sup>

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Advocacy programmes of ICCO partners Young Men's Christian Association (YMCA) and Young Women's Christian Association (YWCA) aimed at ending the Israeli occupation and respecting international law reached out to many people. However, the strategy was not clear about what change was aimed at and the advocacy work was not structured well.<sup>461</sup>

The importance of international law, more respect for the rule of law and human rights within the Palestinian leadership have been successfully promoted. The Israeli government was criticised for rights violations under the occupation. Initiatives against torture and death penalty were taken. Journalists were trained for effective reporting on human rights violations. European institutions and the UN were informed about the human rights situation in the PT.<sup>462</sup>

Good results were reported in psychosocial support and counselling services for trauma victims. There was a decrease in psychosocial symptoms.<sup>463</sup>

### *Sustainability*

Sustainability is hardly addressed in the documents concerning ICCO's work in the PT. However, in the programme much attention is given to awareness raising on issues such as the negative effects of the Israeli occupation, the critical situation of vulnerable groups in the PT and human and women's rights. It is not unlikely that increased awareness at national and international level and voice of the Palestinians will be at least partly sustainable. For other, more concrete activities, such as campaigns against the Israeli

<sup>460</sup> Reisen, M. van, 2012, pp. 12-15; YWCA, 2013, p. 5; [www.ej-ymca.org](http://www.ej-ymca.org); [www.icco.nl](http://www.icco.nl); [www.ywca-palestine.org](http://www.ywca-palestine.org); [www.stophthewall.org](http://www.stophthewall.org); all retrieved at 3 September 2015.

<sup>461</sup> GRIP.Consulting, 2015.

<sup>462</sup> Al Haq, 2008, pp. 1-2; 2009, pp.1-4; 2010, pp. 1-2; 2011, pp.2-3; [www.alhaq.org](http://www.alhaq.org).

<sup>463</sup> YMCA East Jerusalem, 2013, pp. 3-6.

settlements, the separation wall and Israeli control over Palestinian water resources as well as human rights violations, sustainability is more uncertain. Even if this type of activities proves to be partly effective, this does not say much about the future.

### Coherence

ICCO works complementary to the Dutch government and has regular contact with the NRO in Ramallah, the embassy in Tel Aviv and the MFA in The Hague to increase cooperation and coherence. The NRO and ICCO mutually alert each other on human rights issues and possible issues to be raised in the public debate. ICCO did not give inputs to the MASP of the NRO.<sup>464</sup> In 2010 Dutch minister Rosenthal of Foreign Affairs rejected ICCO support to Palestinian and Israeli NGOs that called for a boycott against Israeli policy with respect to the PT as he felt that this contravened Dutch foreign policy. He warned ICCO about consequences for the subsidy from the Ministry. ICCO made clear that it had not signed the boycott petition itself and had never promoted it, that it worked in line with international law and that the campaign of the partners was paid from ICCO's own funds. The minister and ICCO discussed this issue in 2011 but ICCO saw no reasons to revise its approach.<sup>465</sup>

### Pax

#### Introduction

Pax supported partners on the West Bank, including East Jerusalem, and Gaza.<sup>466</sup> Since 2009, the focus is on East Jerusalem and from 2011 onward Pax was no longer active in Gaza. Pax also cooperates with the Israeli peace movement and promotes peace processes at international level. It formed the Freedom of Fear Alliance with three other organisations in the context MFS II; Pax is its lead agency and the only member working in the PT.

Pax works on protection of human security, prevention and stopping of armed conflict and establishment of a just peace in conflict areas.<sup>467</sup> In the PT the organisation advocates a two-state solution, pressure on Israel to work towards peace and to loosen its grip on the PT, reconciliation between the PLO and Hamas and strengthening the resilience of Palestinian institutions and communities.<sup>468</sup> The goals for the PT were: ending the conflict between Israel and the Palestinians, peace dialogue, strengthening the legitimacy of the state and rule of law, democracy and participation of marginalised groups, improvement of social cohesion among civilians and between Government and civilians, more human security and protection of human rights, also of Palestinian refugees.<sup>469</sup>

Over the years, about ten partners were supported with funding by the Dutch Ministry of Foreign Affairs. The expenditures amounted to EUR 1.3 million in the period 2008-2014.

<sup>464</sup> Interview with Rommie Nauta, Hans Heijs and Dienneke de Groot, 9 February 2015; ICCO Cooperation, 2013, p. 16.

<sup>465</sup> ICCO Alliance, 2011, p. 60; Ministry of Foreign Affairs, 2011.

<sup>466</sup> Before January 2014, Pax was known as IKV Pax Christi.

<sup>467</sup> IKV Pax Christi, 2009a, p. 63.

<sup>468</sup> Interview with Jannie Kuik and Mathieu Hermans (both PAX), 9 January 2015.

<sup>469</sup> IKV Pax Christi, 2009b, pp. 31-32; 2010, p. 21; 2011, p. 22; 2012, pp. 13-14; 2013, p. 8.

Some of their projects focused on organising Palestinian citizens and enhancing their capacities aimed at community building and democratisation, participation in peacebuilding and justice processes and improvement of their situation.<sup>470</sup> Initiatives to promote alternatives to violence in the PT and projects for peace dialogue, cooperation and interaction between Israeli and Palestinian civilians and NGOs were funded as well.<sup>471</sup> Pax supported the Arab Peace Initiative with EU and some MFS II funds.<sup>472</sup> Beneficiaries were community groups, peace and civil rights activists, women, youth, children and refugees.

### Relevance

For the Palestinian people, the Pax programme was relevant as it contributed to peacebuilding and human security. In addition, improved political participation and observance of human rights serve the needs of the Palestinians. The initiatives to strengthen the legitimacy of the state served the interests of the PA. Support for the two-state solution, the peace process and the search for alternatives for Palestinian violence contributing to stability were all relevant in the context of Dutch policy. The programmes' goals to contribute to state building and strengthening of civil society were relevant to the intermediate goal of developing a functioning state. Attention for human rights, gender and refugees was also in agreement with Dutch policy.

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### Effectiveness

Platforms to promote dialogue between peace activists in Israel and the PT and among the Palestinians were formed; these drew much media attention and were able to reach national politicians. Palestinian and Israeli partners were active in the development of non-violent resistance and protest against mutual violence.<sup>473</sup>

In East Jerusalem dialogues were held with the authorities about policy reforms and solutions to the conflict with Israel, civilians were enabled to protect themselves against group-based hostilities and local conflicts were solved. Training was provided on communication and negotiation and women participated in life skill courses.<sup>474</sup>

Thanks to capacity development support partners took more peace initiatives, had better access to donors and politicians and developed international networks for critical dialogue. However, they were not always able to translate their stronger position into concrete improvements due to political stagnation and ineffective government.<sup>475</sup>

<sup>470</sup> Interview with Jannie Kuik / Mathieu Hermans (Pax), 9 January 2015; [www.alquds.edu](http://www.alquds.edu); [www.paxvoorvrede.nl](http://www.paxvoorvrede.nl); [www.aeicenter.org](http://www.aeicenter.org); all retrieved at 26 August 2015.

<sup>471</sup> [www.mendonline.org](http://www.mendonline.org) and [www.peacengo.org](http://www.peacengo.org), both retrieved at 26 August 2015; IKV Pax Christi, 2006, p. 28; Handmaker, J., 2013.

<sup>472</sup> [www.paxvoorvrede.nl](http://www.paxvoorvrede.nl), retrieved at 26 August 2015; interview with Jannie Kuik / Mathieu Hermans (Pax), 9 January 2015.

<sup>473</sup> This section is mostly based on the sections on results of the Annual Reports of IKV Pax Christi / Pax 2008-2014.

<sup>474</sup> *Ibid.*, p. 7.

<sup>475</sup> *Ibid.*, p. 3; Freedom from Fear Alliance, 2014, p. 23.

Farmers were supported through the 'Olive Tree Campaign', an international campaign to replant grubbed olive trees, which also aimed at promotion of international solidarity and peace in the PT.<sup>476</sup>

Advocacy on the settlement policy of Israel was undertaken with other actors and addressed the Dutch and European arenas. The 'Trading Away Peace' report (2012) exposed the settlement policy and its consequences and has contributed to exclusion of the settlements from agreements between the EU and Israel.<sup>477</sup> The Dutch government became more outspoken in discouraging links between Dutch businesses and the settlement economy and some Dutch companies announced their withdrawal from business activities in the settlements.<sup>478</sup>

### *Sustainability*

The reports on Pax and its partners did not raise the issue of sustainability. However, the effects of initiatives to inform the international community about the consequences of the Israeli occupation and the settlement policy, as well as the effects of awareness raising among Palestinians concerning the need for non-violent resistance are likely to sustain. This does not imply that authorities and businesses will systematically call Israel to account for its conduct or that no violence will be used by Palestinians anymore.

### *Coherence*

Pax representatives regularly visit the Dutch embassy in Tel Aviv and the NRO in Ramallah to exchange information and strategic insights. Pax arranged contacts between the embassy and some of Pax' Israeli partners and gave inputs for a visit of Prime Minister Rutte to Israel and the PT in 2013. The embassy provided support to an Israeli partner of Pax in the context of a conflict with the Israeli government. Regular contacts take place with the EC-Delegation Office.<sup>479</sup>

## **SPARK**

### *Introduction*

SPARK is the lead organisation of UEC, which has six other partners (the BiD Network).<sup>480</sup> Together, they run the Enterprise Development Programme (EDP). SPARK also supported the Monitoring & Evaluation Solutions for Youth Entrepreneurship Programme (MESYEP). In the period 2011 to 2014, EUR 3.8 million of MFS II funds were disbursed for these two programmes in the PT.<sup>481</sup> From 2012 to 2014, SPARK also funded the Youth Engagement Programme (YEP) with EUR 445,000 from the Ministry's Fund for Political Parties (PP II). SPARK's goal in the PT is to strengthen SMEs, to provide employment opportunities to youth and thus to contribute to stability and peace. SPARK endorses the Dutch government's goals of peace and a two-state solution, but has no greater political goals.

<sup>476</sup> Pax, 2014, p. 10.

<sup>477</sup> IKV Pax Christi et al., 2012.

<sup>478</sup> Pax, 2014, pp. 14-15.

<sup>479</sup> Ibid., p. 17.

<sup>480</sup> Most of the information in this section comes from the SPARK website: [www.spark-online.org](http://www.spark-online.org), and from an interview with Marc de Klerk (Programme Manager SPARK), 8 January 2015.

<sup>481</sup> Information Marc de Klerk, 20 November 2015. Of the MFS II funds, 78% was disbursed by SPARK, 17% by the BiD network as a whole and 5% by local partners.

The strategies of the EDP were capacity building of partner organisations, job creation for youth and growing small businesses and changing the business climate to benefit small, young entrepreneurs. YEP focused on capacity building, developing leadership skills, creating youth networks, initiating advocacy activities and creating dialogue among youth, politicians, policy makers, civil society representatives and entrepreneurs about improving the position of youth. MESYEP, implemented by the Birzeit University, helped university communities to transform into entrepreneurial environments and encouraged the establishment of successful business start-ups through more rigorous and innovative (ICT based) monitoring and evaluation. Beneficiaries were: potential and existing young entrepreneurs (with a focus on women, refugees and poor people) and organisations supporting them in starting and developing their businesses.

#### *Relevance*

The programme of SPARK and the other partners of the UEC was primarily relevant for young, female and poor unemployed Palestinians as they acquired skills and increased their employability. This, and the filling of gaps in the enabling environment for private sector development<sup>482</sup> made the programme relevant to the achievement of the PA's and the Dutch government's goals of economic development, contributing to a viable economy and political stability.

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#### *Effectiveness*

In its mid-term evaluation report of 2013, Ecorys reported that the outputs and outcomes of the partners in Ramallah were falling behind while the results of the partner in Gaza seemed to be very good, even exceeding targets. The partner in Gaza succeeded in establishing cooperation with the MoE in Gaza concerning business plan competitions, community outreach and funding of graduates. A partner in Ramallah supported entrepreneurs to improve the presentation of their business plans to potential investors. The UEC supported its partner organisations in implementing lobby and advocacy activities for improvement of the enabling business environment with local authorities as most of the partners were not capable of accomplishing outcomes in this area. A loan guarantee fund set up by SPARK to provide business start-ups with capital was not functioning well in the PT as entrepreneurs preferred to go for 'easy' money provided by the many donors. Considerable delays in implementation of the UEC programme were reported that suggested too much optimism. However, part of the delay was also caused by unexpected issues arising, such as the military operations in Gaza in 2012 and by problems resulting from the occupation.

<sup>482</sup> Ecorys, 2013.

### Sustainability

The issue of sustainability is important in the mission and vision of SPARK/UEC.<sup>483</sup> The documentation refers to the wish to increase the number of sustainable jobs and to achieve sustainable economic growth. Although sustainability of aspects such as jobs created is very uncertain given the fragility of the PT, the efforts to develop capacity and to strengthen the enabling business environment may prove to be sustainable, thus laying a foundation for future economic activities and more employment opportunities for vulnerable groups once the obstacles for economic development will have been removed. A threat for sustainability may be the crowded donor landscape and the easy money obviously available for organisations and beneficiaries.

### Coherence

SPARK coordinated its activities with the NRO in Ramallah to increase coherence. In addition, SPARK communicated and cooperated with other donor agencies and implementing agencies as much as possible. A challenge for coherence in the UEC programme was the presence of many donors implementing similar activities that seemed to compete for partners and beneficiaries. Another challenge was the coming and going of many donor programmes that often came along with free incentives for SMEs.<sup>484</sup> The partners in the UEC coalition all have a training profile, which resulted in some overlap of training provision by the members and their local partners. SPARK solved this problem by rearranging training responsibilities. The choice of local partners provided a good mix, covering different target groups, thematic aspects and different regions of the PT.

## 9.3 VNG International

### Introduction

VNG-I is the international cooperation agency of the VNG. It provides capacity building services to local governments in developing countries and countries in transition.<sup>485</sup> VNG-I believes that strong local governments in the PT contribute to socio-economic development of civilians and to a robust democracy, because they are close to civilians.<sup>486</sup> In the period 2007-2011, VNG-I implemented the LOGO South Programme, and in the period 2012-2014 it implemented the Local Government Capacity Programme (LGCP) with financial support of the Dutch Ministry of Foreign Affairs.<sup>487</sup>

The main programme of LOGO South in the PT and Israel under the theme of 'local governments in peacebuilding and fragile states' was the Municipal Alliance for Peace in the Middle East (MAP). The concrete areas for cooperation in order to achieve the wider goal of peacebuilding were environmental sustainability and Geographical Information Systems.

<sup>483</sup> [www.spark-online.org](http://www.spark-online.org).

<sup>484</sup> Ecorys, 2013.

<sup>485</sup> <http://www.vng-international.nl>.

<sup>486</sup> Information Chris van der Valk (Programme Manager VNG-I), 25 November 2015.

<sup>487</sup> The term of LGCP is 2012-2016. VNG-I, 2012.

Local government associations, municipalities and water boards of PT and Israel were involved.<sup>488</sup> The expenditures were about EUR 935,000.<sup>489</sup>

The LGCP in the PT aimed to develop the capacity of Palestinian municipalities to enhance, organise and institutionalise Local Economic Development (LED) services. This would contribute to employment creation, food security and improved legitimacy of local governments. By the end of 2014, about EUR 730,000 of the total budget of EUR 2.2 million for the period 2012-2016 had been spent.<sup>490</sup> Beneficiaries of both programmes were citizens of local communities.

### Relevance

LOGO South and LGCP aimed to strengthen local governments as they are in a good position to contribute to socio-economic development, democratisation and peacebuilding. These areas are all relevant for Palestinian civilians. The activities are also concrete, close to the local population and less hampered by national politics than interventions at national government level. The programmes were also relevant to Dutch policy as they focus on state building and economic development, both areas that are supposed to contribute to the intermediate goals of a function Palestinian state and a viable Palestinian economy. In the water programme in particular, the NRO works with municipalities and depends on their wider governance.<sup>491</sup>

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### Effectiveness

The main evaluation report of the worldwide LOGO South programme (2010) concluded amongst others that the programme had been 'highly effective'. The evaluation, however, hardly addressed the programme and its results in the PT as it focused on other countries.<sup>492</sup> In a desk study on the Municipal International Cooperation (MIC) in the PT in the context of that evaluation, it was said that the political environment made it difficult to capitalise on the interest of donors to peacebuilding through the MIC.<sup>493</sup> This information is insufficient to draw conclusions about the effectiveness of the LOGO South programme in the PT.

The mid-term evaluation of LGCP of September 2015 concluded that the programme is in many ways only in an initial stage of building the capacities for LED development.<sup>494</sup> Nevertheless, some preliminary results in the sphere of preconditions and preparations for implementation were reported. Examples are: establishment of procedures, capacity building activities, sensitisation of stakeholders on LED approaches and creation of ownership and enthusiasm, involvement of top management from participating institutions and local politicians, increasing networking of municipalities on LED,

<sup>488</sup> Baud, I., et al., 2010, pp. 28-29.

<sup>489</sup> Information Chris van der Valk (Programme Manager VNG-I), 25 November 2015.

<sup>490</sup> Largely funded by the Dutch Ministry of Foreign Affairs. DEGE Consult, 2015, pp. 1, 23-24.

<sup>491</sup> Baud, I., et al., 2010, pp. 28-29 ; DEGE Consult, 2015, p. 16.

<sup>492</sup> Baud, I., et al., 2010, p. 12. Case studies on Indonesia, Benin and South Africa were prominent in the report. No case study on the PT was carried out.

<sup>493</sup> Baud, I., et al., 2010, Annex 5, p. 90.

<sup>494</sup> DEGE Consult, 2015, p. 17. This conclusion is remarkable, as the programme started in 2012 and will end in 2016.

inclusion of the new Palestinian city of Rawabi in the programme at the request of the NRO (this was an unintended result).<sup>495</sup>

According to an informal assessment of the VNG-I programme manager, an important result of LGCP was the change in thinking and organisational and managerial culture within Palestinian municipalities and within the central government concerning LED. The concept became an issue and was welcomed and more knowledge was developed. Local governments are now better equipped to develop policy and activities and new concrete plans are already partially being implemented.<sup>496</sup>

### *Sustainability*

Aforementioned desk study on the MIC stated that sustainability of LOGO South in the PT is hard to reach under the prevailing political circumstances<sup>497</sup> and the mid-term evaluation of the LGCP concluded that the programme is well on track to ensure sustainable capacity building for improved LED within the municipalities.<sup>498</sup> It is difficult to assess the value of these statements on the basis of the evidence provided in the reports.

### *Coherence*

The MAP under Logo South was evaluated as a good example of donor harmonisation. Almost all activities by Local Government Associations from Europe and Canada were coordinated by the MAP secretariat. This provided political legitimacy to the MAP.<sup>499</sup>

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In the context of LGCP, VNG-I was recognised by the NRO as a key resource on municipal governance and it was informally consulted on issues related to many aspects of municipal work. It represented the NRO in technical settings of the donor sector working group, which is involved in harmonisation and alignment of strategies and interventions of the Ministry of Local Government (MoLG) of the PA. As said, VNG-I initiated activities in the new city of Rawabi at the request of the NRO.<sup>500</sup>

## 9.4 Mondiaal FNV

### *Introduction*

FNV is the largest trade union in the Netherlands. Mondiaal FNV is part of FNV and supports projects for the improvement of working conditions and a fairer income distribution in developing countries and Eastern Europe; it also campaigns in the Netherlands to support workers and unions abroad.<sup>501</sup> Mondiaal FNV was active in the PT in 2008-2012, funded by

<sup>495</sup> DEGE Consult, 2015, pp. 17-21.

<sup>496</sup> Information Chris van der Valk (Programme Manager VNG-I), 25 November 2015.

<sup>497</sup> Baud, I., et al., 2010, Annex 5, p. 90.

<sup>498</sup> DEGE Consult, 2015, p. 25.

<sup>499</sup> Baud, I., et al., 2010, p. 32.

<sup>500</sup> DEGE Consult, 2015, pp. 6, 16.

<sup>501</sup> Information Dian van Unen (Chairman Mondiaal FNV), 2 October 2015; [www.fnv.nl](http://www.fnv.nl), retrieved at 24 September 2015.

the Ministry of Foreign Affairs' Trade Union Co-financing Programme (VMP). EUR 437,000 of VMP-funds was spent in this period.<sup>502</sup>

Mondiaal FNV supported four partners in relation to Palestinian issues. In the PT itself, this concerned two trade unions, the Palestinian General Federation of Trade Unions (PGFTU) and its branch office in Jericho. Some PGFTU affiliates are members of Building and Wood Worker's International (BWI), which was the third partner of Mondiaal FNV. The fourth was Kav LaOved (KLO), an Israeli labour NGO. The focus of the programme was on organisational development and on labour rights, non-discrimination and employment.<sup>503</sup>

### Relevance

The objective to strengthen the position of Palestinian labour unions and labourers in the PT, including the Israeli settlements and in Israel was relevant for the workers given their weak position. From the perspective of state building, a strong trade union may be considered an asset. In that respect, the programme supported by Mondiaal FNV was also relevant. Dutch policy amongst others aims to contribute to the development of a viable economy and respect for human rights. Trade union activities focusing on reforms in the economic sectors such as introduction of minimum wages and improved labour conditions and rights are to be considered prerequisites for healthy economic development. In this sense, the programmes of Mondiaal FNV partners were also relevant to Dutch policy objectives.

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### Effectiveness

On the West Bank a project of PGFTU affiliates was implemented, focusing on campaigns for adopting minimum wages and improvement of workers' rights. In Gaza they launched a campaign for better quality services of public institutions. The results of the campaigns were mixed. This was caused by insufficient expertise of the trade unions and by restrictions on freedom of trade union imposed by Hamas. Despite this, improvements in the conditions of many workers were reported.<sup>504</sup>

PGFTU-Jericho defended the rights of mainly Palestinian labourers from the West Bank working in Israel and in the settlements.<sup>505</sup> The project was successful in promoting the labour law in the settlements, including the introduction of minimum wages and more labour inspections. Women were involved in issues such as rights, safety and health through awareness raising activities. The working environment and wages improved but the goals were not fully reached. The objective to improve the labour policies of the Israeli Ministry of Industry, Trade and Labour towards the Palestinian workers did not yield the expected results.<sup>506</sup>

<sup>502</sup> Worldwide, in the period 2009-2012 Mondiaal FNV received a subsidy of about EUR 38 million in the context of the VMP. The overall aim of the VMP was to promote labour and union rights in developing countries and to contribute to sustainable poverty reduction. CDP, 2012, pp. iii; Annexe E, p. xiii.

<sup>503</sup> Information Conny Westgeest (Policy Officer, Ministry of Foreign Affairs of the Netherlands), 4 February 2015.

<sup>504</sup> Awad, A., 2012, pp. 3, 11-12.

<sup>505</sup> In this project, the Israeli KLO and the Palestinian PGFTU-Jericho cooperated.

<sup>506</sup> Mondiaal FNV, 2013, pp. 46-48; Shabana, N., 2012, pp. 4-5.

There was not much information on activities in the context of organisational development of the partners except for the observation that PGFTU affiliates lacked expertise and that the planned formation of four labour committees by PGFTU-Jericho had not been fully successful.<sup>507</sup>

No reports on sustainability or coherence were identified.

## 9.5 Fiduciary mechanisms

The Dutch organisations are well aware of the need for correct financial management of their partners. Prior to funding, most of the organisations carry out partner appraisals and their financial management systems are reviewed. In this context, risk assessment methodologies are applied and the quality of fiduciary mechanisms, including fraud policies, is evaluated. Several Dutch NGOs pay attention to strengthening their partners' financial management. Controls of financial reports and external audits by renowned firms such as Ernst and Young, KPMG, PwC and Deloitte are conducted. Recommendations are followed up and monitored. There have been some fraud cases in the past, which were adequately dealt with (through improvements in the control structure, prosecution or ending the funding relations).<sup>508</sup>

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## 9.6 Conclusions

NGOs are a considerable force in development in the PT providing services in a variety of sectors. The largest share of Dutch subsidy was channelled through MFS organisations, VNG International and Mondiaal FNV. In the period 2008-2014, they spent approximately EUR 40 million. Through other CSOs and special funds approximately EUR 5 million was spent. Thematic priorities of most of the evaluated Dutch NGOs were: peacebuilding, democratisation, human rights, gender, security and justice and social services delivery. They supported both Palestinian and Israeli NGOs and together with other members of their networks they were involved in international lobby for peace. One of the Dutch NGOs focused specifically on capacity development of local governments. Another contributed to strengthening of trade unions. The last one was engaged in development of the SME sector through capacity building support, improvement of employability and creation of an enabling business environment.

The main strength of Dutch support was its contribution to building a stronger civil society that is able to lobby for peace in the PT, Israel and at national and international level. Apart from that, local NGOs were supported in holding the PA accountable for its conduct and they provided direct support to poor and vulnerable people in the PT. A critical attitude of NGOs contributes to state building because it urges the PA to assume its responsibilities.

<sup>507</sup> Awad, A., 2012, pp. 3, 11-12; Shabana, N., 2012, p. 4-5.

<sup>508</sup> Information Cordaid, Oxfam Novib, ICCO, SPARK, VNG-I, Mondiaal FNV and Pax, October-December 2015.

Supporting this was the main consideration of the Netherlands to channel part of the aid money through NGOs and other CSOs; it added value to the dialogue the Netherlands conducts with the PA and Israel on issues such as peace, governance and human rights. Dutch NGOs are in a good position to be involved as funding partners given their affinity with civil society and the topics that are important in the Palestinian context.

Some supported NGOs contributed to peacebuilding by communicating with like-minded Israeli NGOs that may have access to Israeli authorities. This work is appreciated in the PT and abroad. Occasionally strategies such as the boycott against Israel and the language used to disqualify Israeli policy in the PT are criticised. In some cases such criticism is justified, but most of the strategies and communications are to be respected in the context of the right to freedom of expression of opinion.

The Dutch NGOs and their partners reported many results of effective interventions at output and outcome level. Such results mainly concerned activities in the field of service provision in the areas of (mental) health care, SRHR, justice, agriculture, human rights, gender equality, children's rights, peacebuilding, democratisation, political participation and citizen's rights, rule of law, enabling business environment, management culture of municipalities and the working environment for labourers. Most of these results refer to the creation of necessary preconditions for concrete improvements. The best examples of this are the many initiatives to achieve peace, such as platforms for dialogue, campaigns, capacity building and communication activities.

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Some of those initiatives may prove to be sustainable given the nature of the results. This often concerns results such as developed capacity, changed behaviour, created critical attitude and increased social resilience. However, not much is known about the actual impact of the results on the longer-term strategic goals such as peace, democracy, security and justice and gender equality.

Dutch organisations take correct financial management of partners seriously. They evaluated the quality of their fiduciary mechanisms and some Dutch NGOs helped their partners to strengthen their financial management. External audits were conducted by renowned firms.





## Annex 1 About IOB

### Objectives

The Policy and Operations Evaluation Department (IOB) aims to contribute to knowledge of the implementation and impact of Dutch foreign policy. IOB meets the need for independent evaluation of policy and operations in all the policy fields of the Homogenous Budget for International Cooperation (HGIS). IOB also advises on the planning and implementation of evaluations falling under the responsibility of the policy departments of the Ministry of Foreign Affairs of the Netherlands and its embassies.

IOB's evaluations enable the Minister of Foreign Affairs and the Minister for Foreign Trade and Development Cooperation to give account to Parliament for their policies and for resources spent. In addition, the evaluations aim to contribute to learning by formulating lessons and options for policy improvements that can be incorporated into the ministry's policy cycle. Insight into the outcomes of implemented policies allows policymakers to devise new policy interventions that are both more effective and better targeted.

### Organisation and quality assurance

IOB has a staff of experienced evaluators and its own budget. When carrying out evaluations, IOB calls on specialist knowledge from external experts with knowledge of the topic under investigation. By way of quality control, IOB appoints an external reference group for each evaluation, which includes not only external experts, but also relevant policy-makers from the ministry and other experts. Moreover, for each evaluation IOB appoints several of its own evaluators to act as peer reviewers. IOB's *Evaluation policy and guidelines for evaluation* are available on the website [www.iob-evaluatie.nl](http://www.iob-evaluatie.nl), hard copies can be requested through the IOB secretariat.

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### Evaluation programming

IOB consults with the policy departments to draw up a ministry-wide evaluation programme. This rolling multi-annual programme is adjusted annually and included in the Explanatory Memorandum to the ministry's budget. IOB bears final responsibility for the programming of evaluations in development cooperation and advises on the programming of foreign policy evaluations. The themes selected for evaluation respond to requests from the ministry and Parliament and/or are considered relevant to society. IOB actively coordinates its evaluation programming with that of other donors and development organisations.

### Approach and methodology

IOB aspires to relevance, high quality and methodological innovation. Whenever possible, the research applies both quantitative and qualitative methods leading to robust impact evaluations. IOB also undertakes systematic reviews based on empirical results relating to priority policy areas. IOB has extended its partnerships with evaluation departments in other countries, for instance through joint evaluations and evaluative knowledge exchanges, undertaken under the auspices of the OECD-Development Assistance Committee Network on Development Evaluation.

## Annex 2 Terms of Reference (summary)

*Rationale:* Last evaluation in 1999 and request parliament, November 2013 (attention for fragile states and alleged fraud).

*Policy:* Two-state solution living together in peace through dialogue with Israel and the PT and through statehood building and socio-economic development.

Table 6 Sectors supported by the Netherlands in the PT 2008-2017		
MASP 2008-2011	MASP 2012-2015	MASP 2014-2017
Good governance, including security, rule of law and human rights	Security, rule of law and human rights	Security, rule of law and human rights
Economic reconstruction, focus on agriculture	Food security, water	Food security, water
Humanitarian aid	Humanitarian aid	Humanitarian aid
Culture	Culture and sports	Culture and sports
	Private sector development	Private sector development (more prominent)

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*Intervention logic:* Attention for socio-economic, political and cultural context; for actors involved and for influence context and actors on programme and strategy. Assumptions about intervention mechanisms leading to achievement of strategic goals and about relation between interventions and context are made explicit. In reality: often based on implicit assumptions

*Expenditures NRO, MFA departments in The Hague and RVO/CBI:* Total: EUR 205 million; 151 projects (excluding RVO/CBI). Governance: EUR 83 million; economic reconstruction: EUR 49 million; humanitarian aid: EUR 43.5 million; human rights: EUR 9.5 million; private sector development: EUR 12 million (approximately); others: EUR 8 million.

*Other expenditures:* Through multilateral organisations: EUR 165 million; Dutch NGOs (MFS I & II), VNG, FNV and others: EUR 45 million (approximately).

*Goals:* Account for development cooperation expenditures (relevance, effectiveness, coherence and sustainability); explanations for relevance, effectiveness, coherence and sustainability; learn from the experiences (political context, policy making, patterns of cooperation).

*Central evaluation question:* To what extent has the development cooperation programme in the PT been relevant, effective, coherent and sustainable in terms of contributions to the development of a functioning Palestinian state and a viable Palestinian economy?

*Subquestions:*

Policy:

- What were the Dutch policy and key features of the development cooperation programme?
- What were the arguments and problems that led to the adopted policy?
- To what extent was the adopted policy informed by an analysis of the Ministry of key issues to be addressed and of political context factors?
- To what extent was the policy formulation informed by a Theory of Change (ToC)?

Relevance:

- To what extent did the programme reflect the goals of Dutch development policy?
- To what extent was the programme a response to the needs of the Palestinian people?
- To what extent was the programme relevant for the solution of the identified problems?
- To what extent was the programme relevant for the achievement of the goals concerning the development of a functioning Palestinian state and a viable Palestinian economy?

Effectiveness:

- To what extent was the policy operationalised and implemented and were planned results achieved?
- What are explanations for successes or failures of the programme?
- What are unanticipated positive or negative consequences of the programme?
- To what extent did the Netherlands influence the negotiations about the programmatic choices of multilateral agencies?
- To what extent were mechanisms built into the design of the programme to reduce fiduciary risks; were irregularities reported; what measures were taken to mitigate these?

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Coherence:

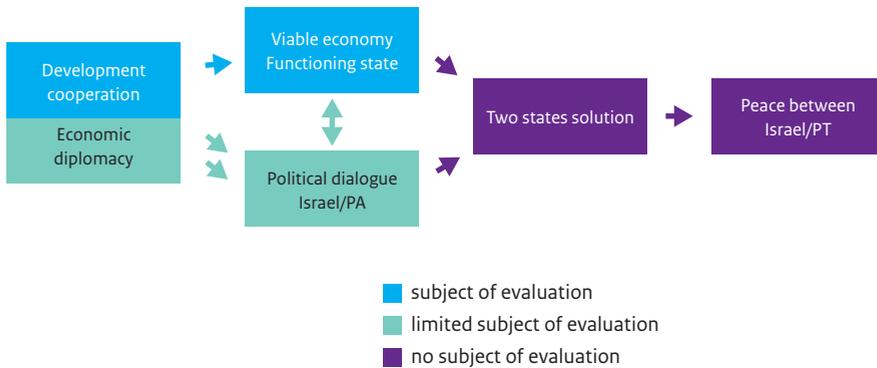
- To what extent was the development policy positioned in the political context in which it was to be implemented?
- To what extent was the development policy tuned to other elements of Dutch policy to promote peace and to policies of other actors?
- What was the role of the NRO in local donor coordination and in strengthening the complementarity between activities supported by Dutch NGOs and by itself?

Sustainability:

- Which mechanisms were built into the design of the programme to ascertain its sustainability?
- Which factors contributed to or hampered the sustainability of the achievements?

Scope:

**Figure 6** Scope of the evaluation



*Projects to be evaluated:* Criteria: large share of projects (expenditures/numbers); variety of sectors and budget holders; GO/NGO/Multi; Gaza/West Bank; availability of documentation.

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*Design:* Context study, policy review/reconstruction ToC, overview international aid projects, collection of information on supported projects, field work.

*Elements of the evaluation:* Political/socio-economic context; Dutch policy; Bilateral channel: NRO and departments of MFA (PARC, FAO, EC [PEGASE], UNOPS, UNDP, MDF, NDC, ICHR, UNRWA); Multilateral channel (EU, UNRWA, WFP, UNDP, UNFPA, UNICEF); Private channel (Oxfam Novib, ICCO, Cordaid, Pax, Spark, VNG International, FNV).

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In this report, the findings of an evaluation of Dutch development cooperation in the Palestinian Territories 2008-2014 are presented. The study has been conducted by the Policy and Operations Evaluation Department (IOB) of the Ministry of Foreign Affairs of the Netherlands. The report is based on a field study in the Palestinian Territories, a literature review, interviews and an analysis of figures.

The evaluation shows that the Israeli occupation of the Palestinian Territories and the weak position of the Palestinian Authority are key factors influencing aid effectiveness. The Netherlands contributed to laying a foundation for a Palestinian state, but it did not contribute substantially to developing a viable Palestinian economy. Dutch policy for the Palestinian Territories has been ambitious, yet realistic.

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