1. **IDENTIFICATION**

<table>
<thead>
<tr>
<th>Title/Number</th>
<th>PEGASE: Support to Delivery of Community Services in East Jerusalem</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost</td>
<td>€4,500,000</td>
</tr>
<tr>
<td>Aid method / Method of implementation</td>
<td>Project approach - <em>centralised (direct)</em> management and joint management with an international organisation</td>
</tr>
<tr>
<td>DAC-code</td>
<td>16010 Sector Social/Welfare Services</td>
</tr>
</tbody>
</table>

2. **RATIONALE**

2.1. **Sector context**

East Jerusalem, since the 1967 occupation and its annexation in 1980 by the Israeli government, depends de facto on the Israeli municipality for its governance and the delivery of public services, although this annexation has never been recognised by the International Community.

East Jerusalem is confronted with over-crowding and the pressure of the demand for housing has risen deeply in the past years due to the Wall construction around Jerusalem, which forces thousands inside the municipal boundaries (while further increasing the demand on social services). Yet the demand for housing remains unanswered by the Jerusalem Municipality, which consistently refuses urban planning development in East Jerusalem. Furthermore, 2009 witnessed the concretisation of a trend by Israel to strengthen its hold on Palestinian neighbourhoods of East Jerusalem through continued house demolitions and expropriations, alongside an increased settler presence.

The necessity for EU intervention is unanimously recognised in view of the needs of the population and its importance as a final status issue. The Palestinian Authority in particular has indicated that actions in favour of the Palestinian population of Jerusalem are a high priority.

Nevertheless, given its particular status, donors find it difficult to work in East Jerusalem, as partnership with the Municipality can not be considered and neither is it possible to work with the Palestinian Authority, all Palestinian institutions being closed down by the Israeli authorities.
2.2. **Lessons learnt**

The last comprehensive review of East Jerusalem is the Multi-Sector Review which was carried out in 2003. It was partly updated in 2006, but as it was not edited its dissemination was very limited.

Experience from previous work in East Jerusalem, whether funded by the EC or by other donors, has been taken into consideration. For instance, projects supported by the Italian or German co-operations in the fields of education and youth have been taken into consideration in order to avoid duplication and to strengthen the sectors by promoting complementarities. It is foreseen to carry out a comprehensive evaluation of EC projects implemented in East Jerusalem up until now.

The projects supported by the EC through the TIM and PEGASE mechanisms over the last 3 years have above all demonstrated that despite the particular status of East Jerusalem, there are successful ways to implement actions supporting the delivery of services to the population without encountering insurmountable obstacles from the Israeli authorities. Moreover, the method of implementation chosen by the EC (partnership between European/International and local organisations) has proven to be suited to the singular context first by strengthening the weakened civil society of East Jerusalem, and second by offering the local organisations a sheltering umbrella under which to operate.

As regards the East Jerusalem hospitals, the EC has given consistent support since 2003. In 2008, the East Jerusalem Hospital project was assessed both by a ROM mission and by an external evaluation mission. Results of both reviews are largely positive, particularly with regard to the quality improvement component of the project. Recommendations for the improvement of the other two components, i.e. networking of the hospitals and support to social cases, will be taken into account.

2.3. **Complementary actions**

A number of donors, including several EU Member States, Norway and World Bank are supporting projects in East Jerusalem. The current support to this part of the city is decided in light of the variety of ongoing actions.

The present operation comes within the scope of the PRDP and its draft analysis on East Jerusalem. Also, it builds on consultations with the Palestinian Ministry of Planning and the East Jerusalem Unit of the Office of the President. The work performed by the Jerusalem Fund of the President’s Office has also been taken into consideration.

Complementarity and continuity with the seven ongoing EC funded projects will also be sought in designing the present action. For instance, while ongoing projects are targeting early childhood institutes, regular schools, and vocational training centres, it also appears that children left out of the system need to be targeted. Indeed, studies have demonstrated that East Jerusalem has both the highest rates of school drop-outs and special needs children. Trying to reach out for the youth out of the regular channels of education would be a way to complement the EC ongoing projects and to strengthen the impact by adopting such strategic sectoral approaches.
2.4 Donor co-ordination

As mentioned above, donors tend to find it more difficult to work in East Jerusalem than in the West Bank and Gaza Strip. Indeed, considering that co-operation with the local authorities is not possible, alternative ways of supporting the delivery of social services have to be promoted. The Commission has taken a leading role in finding ways of delivering assistance to the East Jerusalem population, and Member States rely on the Commission to continue in this role.

Donor co-ordination is taking place through the Monitoring and Co-ordination Unit located within the Jerusalem Unit of the President's Office. Methods to develop this co-ordination are being reviewed in the framework of the EC funded project aiming at strengthening the capacity the Monitoring and Co-ordination Unit and at updating the Strategic Multi-Sector Development Plan.

The Jerusalem Fund, as they centralise and distribute donors' contributions, can also be considered a co-ordination tool.

3. DESCRIPTION

3.1. Objectives

The overall objective of the action is to enhance the quality of life of East Jerusalem residents through support to the better provision and improved quality of community services in the key sectors of education, health care, social services, housing and land use, women and youth, culture and heritage.

3.2. Expected results and main activities

The principal outcome expected from the activities is the sustained and improved delivery of essential community services to the Palestinian population of East Jerusalem. The main activities under this action will be decided to ensure complementarity and coherence between donor actions and the overall development strategy, thus building on the work of the President's Office. Assistance is foreseen in the specific areas of children and youth, and also in support to institutions providing health and education services. The main expected results under this action will be:

– increased quality and availability of education and social services to the marginalised youth;
– intensified youth participation in their community;
– improved quality of tertiary health care;
– continued access of poor families to tertiary health care in East Jerusalem Hospitals.

3.3. Risks and assumptions

The projects may encounter operational difficulties if Israeli restrictions on activities undertaken by different institutions and NGOs increase or if the political situation in
general sharply deteriorates. Most of the significant Palestinian social and cultural centres have been closed down by Israel. It has also proved to be difficult, if not impossible to organise the Festival commemorating Jerusalem as a city of Arab culture. Support to Orient House or other formal Palestinian institutions can only be envisaged if there is a breakthrough at a political level. As regards the East Jerusalem Hospitals, there is a risk that restrictions to access and movement could prevent patients in the West Bank and Gaza Strip from entering East Jerusalem, thus depriving the hospitals from their main source of referrals.

However, EC activities in East Jerusalem have so far been implemented without political interference.

3.4. Crosscutting Issues

Attention will be paid to ensure that the projects incorporate the promotion of co-education, gender equality, child rights protection and empowerment of vulnerable groups in its activities. For instance, the issue of environment could be incorporated in actions targeting youth in areas where solid waste management or water management are crucial. Besides, good governance and child participation are also part of the education process.

3.5. Stakeholders

The stakeholders are community-based organisations and local NGOs with a focus on the wider community of East Jerusalem. Health and education professionals are particularly involved, and a number of Member States are active in the areas of proposed support including Italy, UK, France, Denmark and Germany.

The office of the President is also very much involved, and the connection between the East Jerusalem population and the Palestinian central authority is crucial.

Besides, the newly created Ministry of Jerusalem Affairs (if confirmed with the nomination of a new minister), will be consulted in the framework of its lines of action once they are defined.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

The project will be implemented under a centralised management structure with direct payments by the Commission to service and equipment providers. A financing agreement following standard models in force will be concluded between the Commission and the Office of the President.

With regard to the specificity of the situation in East Jerusalem, the impossibility for the Palestinian Authority to intervene and the difficulties encountered by the Palestinian NGOs, EC has relied, so far with success, on European NGOs and International Organisations, selected on the basis on their experience and expertise both in the required sectors and in the geographic area.
Grant agreements will be contracted through direct award in line with article 6.3.2 of the Practical Guide. These grants will be awarded to European organisations that are able and willing to implement the action and that demonstrate the required sectoral expertise. Partnership of these organisations with local organisations will be encouraged wherever possible.

As regards the support to East Jerusalem Hospitals, it is envisaged to sign a Contribution Agreement with the World Health Organisation, in accordance with art. 53 d) of the Financial regulation.

4.2. Procurement and grant award procedures

(1) Contracts

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by ENPI Regulation. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in article 21 (7) ENPI.

For activities implemented through an international organisation, all contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the International Organisation concerned and in conformity with the Commission legislation.

West Bank and Gaza Strip is facing a crisis situation, as defined in Article 168 (2) of the Implementing Rules of the Financial Regulation. As a result, negotiated contracting procedure may be used in accordance with applicable provisions.

(2) Specific rules of grants

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions. They are established in accordance with the principles set out in Title VI ‘Grants’ of the Financial Regulation applicable to the general budget. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 100% given the crisis situation. In any case, full financing may only be applied in the cases provided for in Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget of the European Communities.

- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 112 of the Financial Regulation applicable to the general budget.
West Bank and Gaza Strip is facing a crisis situation, as defined in Article 168(2) of the Implementing Rules of the Financial Regulation. As a result, grant direct award may be used in accordance with applicable provisions.

4.3. Budget and calendar

The budget of the operation amounts to €4,500,000 and the operational duration of activities is estimated at 36 months from the date of signature of the Financing Agreement.

<table>
<thead>
<tr>
<th>Project Activities</th>
<th>€4,430,000</th>
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<tbody>
<tr>
<td>Visibility</td>
<td>€20,000</td>
</tr>
<tr>
<td>Monitoring, Evaluation and Audit</td>
<td>€50,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>€4,500,000</strong></td>
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4.4. Performance monitoring

The project will be monitored according to relevant indicators of performance and provision will be made for day-to-day project monitoring.

Each action will be supported by a logical framework including objectively verifiable indicators to evaluate each stage's level of achievement.

4.5. Evaluation and audit

Evaluations and audits of each project will be undertaken following the standard rules. Evaluations and audits shall take place during the implementation period or during the closure period of the project activities.

4.6. Communication and visibility

The projects will follow the visibility guidelines of the Commission, and will be integrated into the communications strategy for PEGASE.

Although visibility could be a very sensitive issue in East Jerusalem and should be carefully designed in cooperation with all stakeholders, ensuring a good visibility of EC funded projects in East Jerusalem is an essential aspect of international support to East Jerusalem.