Annex I

Action Fiche for West Bank and Gaza Strip

1. **IDENTIFICATION**

<table>
<thead>
<tr>
<th>Title/Number</th>
<th>PEGASE: EU support for the PA Two-Year Plan for Statehood</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost</td>
<td>€31,000,000</td>
</tr>
<tr>
<td></td>
<td>Parallel Canadian co-financing of the reform and rehabilitation centres component is awaiting finalisation but envisaged to be around €1.5 million.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Aid method / Method of implementation</th>
<th>Project approach – centralised – with the following exceptions:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- indirect centralised for Technical and Vocational Education and Training component with the delegated partner Gesellschaft für Technische Zusammenarbeit</td>
</tr>
<tr>
<td></td>
<td>- joint management for the General Administration of Reform and Rehabilitation Centres component with the delegated partner United Nations Office on Drugs and Crime;</td>
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<tr>
<td></td>
<td>- joint management for the Governance Strategy component with the delegated partner United Nations Development Programme.</td>
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<thead>
<tr>
<th>DAC-code</th>
<th>Sector</th>
<th>Government administration</th>
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<tr>
<td>15110</td>
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</tbody>
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2. **RATIONALE**

2.1. **Sector context**

EU financial support to the West Bank and Gaza Strip continues to be governed by the EU's overarching objective to implement the two-state solution through the creation of a viable, contiguous and democratic Palestinian State living peacefully alongside the State of Israel. In this context, Palestinian PM Fayyad’s state building plan, presented in August 2009, puts forward an ambitious political agenda, confirming the Palestinian Authority’s commitment to build the institutions of a future state. This plan is fully aligned with the priorities set out in the current joint European Neighbourhood Policy (ENP) Action Plan (JAP) and should also provide the basis to begin preparing a new JAP.

In 2009 the PA made further progress in the implementation of the objectives of the Palestinian Reform and Development Plan (PRDP), most notably in the fields of rule of law and public financial management, which allowed the Palestinian Authority to benefit from the EU’s Governance Facility. Reforms were however limited to institutions in the West Bank. EU assistance in 2010 should be seen as a transitional programme which provides an immediate response to PM Fayyad's state-building agenda while paving the way for more focused programmes, within a multiannual

Following thorough co-ordination with the PA and extensive consultations with the Member States, other major donors and, to some extent, with civil society, priority sectors have been identified. These are: rule of law; private sector development; water and wastewater management; public financial management (PFM); social protection and Jerusalem. In order to ensure responsible exit from sectors where we were previously active, some interventions in "exit sectors" (energy, education) have also been included in the present document.

2.2. Lessons learnt

The actions proposed build upon technical assistance activities already in progress while, as before, being aligned with the current reform priorities of the PA set out in the PRDP, addressing additional areas which have not received pledged support from other donors.

Ownership at both technical and political level is a key to success, in particular where projects address the issue of organisational change. The current non-functioning of the Palestinian Legislative Council presents a hindrance for improvements in the governance sector since legislative reform, as well as executive oversight, are limited without functioning parliamentary structures and in some areas the PA's absorption capacity is limited.

Nevertheless, the EU has a successful record of delivery on the institution-building agenda, with positive Results Oriented Monitoring assessments of its activities across the proposed focal sectors for support. Evaluations are underway with regard to recent public financial management activities and an evaluation of the judiciary portfolio will be commissioned in 2010. General lessons learned from the EU’s global technical cooperation activities have been set out in the Backbone Strategy and incorporated into the design of individual interventions under this fiche. The lessons learned for technical cooperation in the West Bank and Gaza Strip as a whole can be summarised thus:

(1) **Clearly articulated scope of actions**: items/activities in terms of reference which are vaguely worded at the outset tend to remain vague throughout the project.

(2) **Clear logical frameworks are an essential component of terms of reference** with objectively verifiable indicators

(3) **Timely decisions by the beneficiaries are needed**: projects should start with a realistic assessment of political willingness to benefit from individual activities.

(4) **Regular update meetings with the beneficiaries at senior level**: the ministerial level, as the ultimate responsible for instigating change, is instrumental in ensuring projects meet their objectives.

(5) **Financial viability is an overall concern** for all Palestinian institutions. Given the country’s overall political, institutional and economic constraints, it
would be unrealistic to expect public institutions to have the capacity to become economically viable in the short and/or medium term.

(6) **Implementing cross-cutting reform affecting several ministries is also problematic** – the latter are very focused on activities directly related to their portfolios rather than being supportive of a common endeavour to contribute to wider institutional reform, e.g., in the judiciary. A progressive approach to foster interaction between ministries on the basis of mutual needs for cooperation is proposed.

2.3. **Complementary actions**

The EU plays the leading role in promoting good governance in the Palestinian Authority. It chairs the Governance Strategy Group which brings together the international community and the PA to further Prime Minister Fayyad's ambitious agenda in this area.

Overall the EU is implementing, or is in the advanced stage of planning, interventions costing almost €80 million, split evenly between the rule of law area and other state building activities. This does not include the costs of the EUPOL COPPS mission or projects implemented by it in the rule of law area with Member States' resources.

Current estimates of the total EU (including Member States) effort in the rule of law area indicate that around €113 million is being spent (including €40 million from the EU budget). The European Initiative on Democracy and Human Rights also provides support to civil society: it has successfully intervened to support civil society involvement in judicial reform, including training of judges and lawyers, and in promoting respect for human rights and prevention of torture by the Palestinian security agencies. The 2010 action fiche for investment in infrastructure is also fully complementary to this fiche, providing for the upgrading of capital assets of key institutions to be supported with technical cooperation. The EU and its Member States are also active at the policy level – within the framework of the EU co-chaired Governance Strategy Group the UK co-chairs with the Ministry of Interior a working group on security, and the Netherlands on the judiciary.

Major ongoing EU programmes are:

- Enhancing democratic government and support to independent institutions (€5.5 million)
- Public financial management (€10.5 million)
- Better services for Palestinian citizens (€15.5 million)
- Creating an enabling environment for business (€5 million)
- Empowering the Palestinian judicial system (€5.5 million)
- Equipping the Palestinian civil police and training facilities (€8.75 million)
- Security facilities and penitentiary (€23.5 million)
• Supporting civil society in the rule of law field (€2.5 million)

The EU also provides the €6.5 million operating cost for the current EUPOL COPPS mission. Many Member States have provided support – both training and equipment – to the Palestinian police with EUPOL COPPS coordination. In addition, Denmark, Germany, Sweden and the Netherlands together contribute with the EU to the Jericho Police Training Centre, Germany has provided specific investment for model police stations, the UK is supporting the establishment of the judicial police headquarters, and the Netherlands is supporting a new penitentiary in Jericho and enhancing existing ones in five West Bank towns. On the judicial side, Italy is developing a human rights unit at the Ministry of Justice, as well as arbitration chambers. Sweden is providing "quick impact" projects and support to the Independent Commission for Human Rights, and France and Belgium support for university law schools.

Member States play an important role in other governance areas, such as through the establishment of a Financial Training Institute (France), the Policy Advice and Reform Fund, support to the Prime Minister's office and a digital civil registry (Germany), the Civil Service Leadership programme (Italy), the Governance Support Facility (UK). The UK also co-chairs the working group of the GSG responsible for public administration reform and Denmark similarly for local government, with financial support also coming from a number of MS for local development.

On the social side, since 2006 the EU has supported the Palestinian education sector, focusing on aspects of quality of the educational systems and programmes. The TVET programme set out here aims to improve the quality and relevance of the Palestinian TVET sub-sector. The programme will be linked to the comprehensive and participatory review of the national TVET Strategy which was completed in March 2010 with the technical support of GTZ.

The reform of the social protection system is a natural development from the EU's longstanding financial support to the Vulnerable Palestinian Families component of the Temporary International Mechanism and PEGASE Direct Financial Support which has provided €128.5 million since September 2006 for cash-based support to the poorest Palestinian families through a scheme run by the Ministry of Social Affairs. In addition the EU provides direct support to the PA budget, through programmes targeting salaries, pensions, welfare payments and essential services. In 2009 alone the EU provided €220 million to help ensure the PA can continue its normal functions

2.4. Donor coordination

At the local level donor co-ordination takes place in various forums under the Local Development Forum (LDF) and its four "Strategy Groups" (governance, economy, social and humanitarian affairs, infrastructure), each co-chaired by a different lead donor and PA Ministry. Beneath these a number of sector working groups (SWG) have been established. More specifically, enhanced and targeted technical assistance will be coordinated with other donors through the relevant SWG.

The EU, as previously mentioned, as well as individual Member States, plays a leading role in these forums. In addition, EU policy is coordinated through regular meetings of the EU Heads of Cooperation.
Concerning non-EU donors, ongoing governance (especially public financial management) programmes received strong support from the IFIs in their reports to the Madrid AHLC. In addition, the World Bank's report to the AHLC fully endorsed the EU's intention to support social safety net reform and the reform of energy subsidies under its proposed PFM activities in 2010.

3. **DESCRIPTION**

3.1. **Objectives**

The overall objective of the action is to build the institutions of an independent, democratic, and viable Palestinian state living side by side in peace and security with Israel and its other neighbours.

Specific objectives relate to the sectors of intervention foreseen:

- To upgrade the capacity of the Palestinian Civil Police (PCP), penitentiary system and the PA's Civil Defence;
- To improve the administration of justice;
- To improve the transparency, effectiveness, efficiency and accountability of the PA's public financial management system;
- To improve the investment climate by building the capacity of PA institutions to participate in the global trading system and regional economic institutions, as well their capacity to manage key domestic regulatory tasks, including the enforcement of product quality standards;
- To improve the well-being of the poorest and most vulnerable Palestinians through efficient, sustainable and strategy-based social protection services;
- To upgrade TVET systems to improve its quality and relevance to the needs of Palestinian society and its labour market;
- To reform the regulation and management of the electricity sector and to provide a better framework for investment;
- To support free and fair legislative and presidential elections;
- To support implementation of the ENP Joint Action Plan commitments in this sector.

3.2. **Expected results and main activities**

The expected results of the action will provide full support to the priorities and objectives of the Palestinian Reform and Development Plan (PRDP) to help the PA to build effective and efficient state institutions across all four axes of the PRDP (Governance, Social Development, Economic and Private Sector Development and Infrastructure) and to take forward objectives agreed in the ENP Joint Action Plan. Specific results expected are outlined below for our focal areas of support:
3.2(a) State building – Rule of Law

Results:

- Law and order is improved and the safety of citizens effectively addressed;
- The Palestinian justice sector has a clear division of responsibilities and separation of powers;
- Fair trials are ensured within reasonable times for all Palestinians;
- Transparent elections are undertaken in conformity with international standards.

Activities:

- Technical cooperation for security sector restructuring and improved civilian oversight
- Training for PCP, in coordination with EUPOL COPPS and only for activities which cannot be delivered through the mission, and training and capacity building for the corrections department and Palestinian Civil Defence;
- Training and capacity building for the judicial institutions (including the Bar Association and university law schools), in particular through the institutionalisation of a single judicial training institute (the Palestinian Judicial Institute, established through earlier Commission programmes) and implementation of a national strategy on juvenile justice;
- Support for conducting Presidential or legislative elections by an independent Elections Commission, or ongoing capacity building of the Elections Commission if elections are delayed.

3.2(b) State building – Economic and Financial Management

Results:

- Revenue collection is improved;
- Public expenditure management is enhanced in particular via enhanced oversight through strengthened audit and economic and financial monitoring capacities;
- Sustainable, job-creating economic development is promoted through improvements to the regulatory and investment climate;
- Administrative and institutional capacity of key public sector agencies strengthened, including for efficient and transparent management of the project cycle;
- PA membership/observer status and adherence to rules of international organisations such as World Trade Organisation and World Customs Organisation is promoted;
• Improved capacity of institutions responsible for management of commercial borders.

Activities:

• Technical cooperation to improve economic, financial management, and audit, internal audit and internal control capacities and revenue collection;

• Implementation of a reform programme for utility subsidies ("net lending");

• Technical cooperation for enhanced planning and economic management processes, including for improved business regulation, promotion of quality standards, and integration into the multilateral trading system;

• Support for the implementation of the PA's sovereignty programme for revenue, trade and border security;

• Continuous technical cooperation and feasibility studies undertaken to accompany significant public infrastructure development.

3.2(c) State building – Social development

Results:

• Ministry of Social Affairs plans, develops and implements relevant, sustainable and cost-effective social protection services;

• The links between supply and demand in the labour market are improved in the targeted governorates/sectors;

• The quality of Technical and Vocational Education and Training provision in the targeted governorates/sectors is enhanced;

• The information in the targeted sectors of the labour market is improved.

Activities:

• Technical cooperation for reform of the PA cash transfers programme and elaboration of an integrated social protection strategy;

• Technical cooperation to upgrade Ministry of Social Affairs administration and improve the quality of social services;

• Partnerships between public and private TVET providers and entrepreneurs (individual or in consortia) in the targeted governorates/sectors supported through competitive calls for proposals;

• Capacity building for the Local Employment and TVET Councils in the targeted governorates and for the partners of the selected projects.

All actions will complement the EU's ongoing support for improving the governance and service delivery capacity of the PA, leading to further progress in the PA's
governance and reform framework based on the PRDP/PNP process and facilitated through the Governance Strategy Group and other donor co-ordination forums. Efforts to further strengthen PFM can also be mainstreamed in the other activities under this fiche. In addition, the action fiche can be used to extend existing activities in the same area currently underway in the West Bank to ensure their extension to the Gaza Strip, should progress in Palestinian reconciliation under the PA President be achieved, subject to the agreement of the EU. The preparation of future project activities under the focal sectors will also be undertaken.

A communication strategy will be supported through this fiche outlining the EU's achievements in supporting the PA's two year plan for statehood.

In the event of political, security or other significant changes on the ground, in particular as regards access to and the Palestinian Authority's effective control over the Gaza Strip, the objectives, expected results and main activities as well as the budget and calendar described in this Action may be modified or added to after agreement by the Authorising Officer in the Head Office and if necessary by the Commission, by means of concluding a rider to the Financing Agreement between the European Commission and the Palestinian Authority referred to in part 4.1 below and always subject to the use of applicable methods of implementation and procurement and grant award procedures as set out, inter alia in the PRAG

3.3. Risks and assumptions

The pursuit of the EU's strategy in the West Bank and Gaza Strip is subject to unusual types and unusually high levels of risk which have not substantially changed in nature. Even if the main political risks to the strategy do not materialise, there are a number of other risks, of a more usual nature, to be taken into account, in particular that any successor administration to the current 13th Government may be less committed to the reform agenda. In an already fragile economic situation, pressures to increase public expenditure, whether in the security or civilian sectors, would have a significant negative impact on fiscal sustainability and on the Government's current commitment to reduce its dependence on donor financing. This risk, although hypothetical, could be mitigated only through encouraging the realisation on the part of the PA that there is no fiscally-sustainable alternative to the reform agenda. Given the continuing high level of dependence of the Palestinian economy on donor financing and likely constraints on donors' assistance budgets, insufficient donor financing remains a risk. In addition, the risk remains high that donors will not allocate resources in line with PA priorities. The development of the EU's development strategy for the PA in 2010, in line with PA priorities, is an important means of mitigating this risk.

The constitutional weakness of the PA, given the continuing split between the West Bank and Gaza Strip, remains an over-riding concern. The timing of Presidential and legislative elections cannot be predicted, and any result is of course uncertain. Continuing constitutional difficulties also leave some questions regarding the mandates of the three main judicial bodies unclear. Nevertheless, the PA has recently made administrative improvements to the co-operation between the latter. For the Gaza Strip, no assumption of a resumption of normality is made. However, it is assumed that if full PA control is reassserted in the Gaza Strip, contracts under this fiche would enable a roll-out of the EU’s technical co-operation programme there. A
more extensive project pipeline has also been developed to allow the EU to fully respond to the priorities of the PA's state building plan in the event that certain activities are delayed for reasons beyond the EU's or PA's control.

3.4. Cross-cutting Issues

Terms of reference for Governance Department within the Ministry of Planning and Administrative Development (MoPAD) have been drawn up with the support provided to the Ministry by the EU-financed Governance Strategy Group Coordinator, including for a gender advisor to provide support on integrating the gender equality into policy planning. Increased numbers of female police officers will be trained at the Jericho Police Training Centre. In addition, increased numbers of female judges and prosecutors will be trained at the Palestinian Judicial Institute. Equal opportunities and access for female students and students with special needs will be provided within the TVET system.

Environmental sustainability is a central cross-cutting issue. The PA lacks control over most aspects of the environment. (60% of the land in the West Bank is designated as Area C and is therefore under full Israeli administrative control), while the situation in Gaza remains a key concern, with little ability for the PA or donors to address ongoing environmental degradation due to the current Israeli closure policies on the Gaza Strip. Without political progress the actions under this fiche will therefore have limited impact on improving the environmental situation of a territory under military occupation.

Good governance is a key cross-cutting issue and mainstreamed throughout this fiche. Support for rule of law activities is fundamentally based on the EU's overall global objective to support human rights and democracy. Activities under this fiche will provide concrete support to ensure respect for human rights, and respect for children's rights in particular will be addressed with due regard to the particular challenge of addressing juvenile justice issues in the rule of law activities outlined herein.

3.5. Stakeholders

The final beneficiary of the action will be the Palestinian population. Key partners will be the Prime Minister's Office, the Ministry of Finance as well as the Ministry of Planning and Administrative Development through its co-ordination role and other line ministries. The Civil Police, High Judicial Council, the Attorney General's Office, the Palestinian Judicial Institute, Bar Association, universities, Central Elections Commission, Palestinian Central Bureau of Statistics, Palestine Standards Institute, and labour market institutions, among others should be considered stakeholders. In the TVET programme, civil society organizations will be involved from the supply side with the participation of NGOs as TVET providers and from the demand side via organisations (such as industry federations and chambers of commerce). Civil society organizations will be involved, in particular through regular consultation with representative groups on the EU's overall activities in the West Bank and Gaza Strip and the European Neighbourhood Policy. The first such consultations are scheduled to take place in June 2010. All relevant institutions have been consulted in the programming process, in particular but not limited to the
formal programming discussions held under the auspices of the Minister of Planning and Administrative Development in January 2010.

All actions foreseen respond to needs expressed by the PA in the PRDP 2008-10 and the programme of the 13th Government (the Prime Minister's "two year plan") and, in particular, the PA's statements of its 2010 priorities outlined in its document "Palestine: Moving Forward", which sets the stage for the transition from the PRDP to the Palestinian National Plan 2011-13. The PA has demonstrated strong ownership over the EU programme over the period 2007-9. The 2010 programme has been developed with greater attention to this principle, in particular through an earlier and deeper programming phase with full co-ordination of individual PA agencies' input to the process by the lead ministries in the PA. The Ministry of Planning and Administrative Development will, in addition, map activities implemented by all donors against the PA's development plans.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

A Financing Agreement following centralised standard models in force will be concluded between the Commission and the Ministry of Finance of the PA governing all components.

Direct centralised management – most activities as outlined above will be implemented through normal service contracts following standard procedures. Exceptions may include support for elections and for modernisation of statistics and the justice sector which could be provided through grant contracts, as could implementation of the PA's sovereignty programme. Given the urgency of supporting the Palestinian two-year plan for statehood, procurement will be launched with suspension clauses for duly justified reasons, and notably for i) support for the Palestinian Quality Framework, where ministerial changes delayed an extensive programme of technical cooperation which has already been prepared for tender, ii) for social safety net reform where the PA's fiscal situation as presented to the AHLC in April demonstrates the unexpected urgency of reform, and iii) activities to support PA observer status in the WTO, where an application, blocked in 2009 by certain WTO members but supported by the EU, may be accepted prior to signature of the financing agreement for this programme but after that the decision has be adopted. In the event of political progress and the PA re-establishing control of the Gaza Strip, resources may be used to enhance existing service contracts in order to widen their geographical scope to the Gaza Strip.

For the TVET component indirect centralised management with the German government aid agency GTZ, given its track record of engagement and success in this area in line with Paris Principles concerning aid efficiency. GTZ has already established a successful long-term partnership with the PA which there is no need to duplicate, particularly since this is a sector which the EU is exiting (see appendix confirming the satisfactory results of the prior audit of the management procedures and structures of the delegating body (art. 56 FR)).

Joint management through the signature of an agreement with an international organisation. This option will be used for implementation of technical cooperation
with regard to penitentiary management reform through a standard contribution agreement. The organisation will be the United Nations Office for Drugs Control (UNODC) given its experience and capacity in this area, the relationship of trust it has established with the Ministry of Interior and its recent establishment of a field presence in Ramallah able to move swiftly to project implementation. This option will also be used for implementation of technical cooperation with regard to the coordination of the work of the Governance Strategy Group and associated governance tasks for the benefit of the PA. The organisation in question will be the United Nations Development Programme given its experience and capacity in this area and successful implementation of this work under similar contribution agreements since 2007, with full respect for EU visibility.

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 the 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) of the ENPI Regulation.

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

For the TVET activity the indirect centralised management mode will be used (see appendix).

2) Specific rules for 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 90%. 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.

4.3. **Budget and calendar**

The maximum contribution to the beneficiaries of this programme is €31 million.

The duration of this programme is estimated at 66 months after signature of the Financing Agreement, including an operational phase of 54 months and a closure phase of 12 months. The exact calendar of operations will be determined in consultation with the Ministry of Finance, the Ministry of Planning, other ministries and other donors as well as implementing agencies, with regard to budgetary appropriation needs and availability. Procurement processes will be launched immediately after the Commission Decision is adopted, with the exceptions noted in section 4.1.

Out of the €31 million, indicatively:

1. €9 million is intended for the rule of law component;
2. €15.5 million is intended for the economic and financial management component;
3. €5.5 million is intended for the social development component.

The indicative breakdown of the overall budget is as follows:

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<tbody>
<tr>
<td>Technical cooperation,</td>
<td>€16.5 million</td>
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<tr>
<td>predominantly through</td>
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<td>service contracts</td>
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<tr>
<td>Technical cooperation,</td>
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<tr>
<td>mainly through grants/IOs,</td>
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<td>UNODC, UNDP</td>
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<td></td>
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<tr>
<td>Technical cooperation</td>
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<td>TVET (indirect centralised)</td>
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<tr>
<td>Information, audit and</td>
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<tr>
<td>evaluation</td>
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<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>€31 million</td>
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4.4. **Performance monitoring**

The action will be monitored with reference to standard performance indicators in the sectors relevant to the action. An adequate day-to-day project monitoring will be carried out. The projects will be subject to both internal and external result-oriented monitoring. The internal monitoring functions will be carried out by ECTAO. The external monitoring will be undertaken by external monitors contracted by the Europe-Aid Cooperation Office.
EuropeAid Standard Indicators have not been developed for the activity areas targeted. The PA is, with EU support, beginning a process of establishing performance indicators at the sector and programme level. The EU is committed to harmonising its performance indicators with those established by the PA where possible and when the later have been established. Logical frameworks including objectively verifiable indicators will be included in the contracts or contribution agreements for each activity under the programme, in line with the lessons learned (above).

Performance of the overall action will be monitored according to indicators, established jointly with the PA where possible, relating to the following:

- The security sector (including detention system) continues to be restructured, subject to improved civilian oversight and the doctrine of "police primacy", as established by the EUPOL COPPS six-monthly reports;
- The Palestinian Civil Defence is trained and has the institutional capacity to fulfil its mission;
- The relationship between the justice sector bodies is based on a clear division of responsibilities and powers, safeguarding citizens' rights and basic freedoms are safeguarded, as established by the EUPOL COPPS six-monthly reports;
- The efficiency of the court system is improved, in particular through a reduction of the case backlog;
- National and international standards relating to children in the criminal and civil justice system are met;
- Presidential or legislative elections, where supported by the action, are conducted in a fair and transparent manner by an independent Elections Commission as attested by any EU Election Observation Mission;
- Revenue collection is improved in line with the government's target of 21% improvement in 2010 and performance beyond this date to be agreed subsequently;
- Public expenditure management is enhanced and the PA fulfils the targets for commitment controls set out in the IMF report to the Madrid Ad Hoc Liaison Committee 2010 as well as the targeted reduction in net lending of 30% in 2010-11 compared with 2009, and 50% by 2013;
- Sustainable, job-creating economic development is promoted through improvements to the regulatory and investment climate;
- PA begins to adhere to the rules of international organisations: WTO and WCO;
- Ministry of Social Affairs plans, develops and implements relevant, sustainable and cost-effective social protection services with an improved focus on the poor;
The existing TVET system is developed into an attractive, effective and flexible system which increases the employability of TVET graduates (compared with a baseline study carried out in the targeted institutions at the beginning of the programme).

4.5. Evaluation and audit

An external final evaluation, covering all the activities of the action, will also be carried out in accordance with the EC procedures. Where appropriate external audits of specific projects will be undertaken.

4.6. Communication and visibility

The action will follow the visibility guidelines of the Commission and will be included in the specific PEGASE communication strategy. http://ec.europa.eu/europeaid/work/visibility/documents/communication_and_visibility_manual_en.pdf

Progress of PEGASE implementation will be communicated to all stakeholders, including through the regular bulletin.