COMMISSION IMPLEMENTING DECISION

of 1.9.2020

on the annual action programme for 2020 in favour of Palestine¹

¹ This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.
COMMISSION IMPLEMENTING DECISION

of 1.9.2020

on the annual action programme for 2020 in favour of Palestine

THE EUROPEAN COMMISSION

Having regard to the Treaty on the Functioning of the European Union,


Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action, and in particular Article 2(1) thereof,

Whereas:

(1) In order to ensure the implementation of annual action programme 2020 in favour of Palestine, it is necessary to adopt an annual financing Decision, which constitutes the annual work programme, for 2020. Article 110 of Regulation (EU, Euratom) 2018/1046 establishes detailed rules on financing Decisions.

(2) The envisaged assistance is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU.


1 This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.
3 OJ L 77, 15.3.2014, p. 95.
4 www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.
The objectives pursued by the annual action programme to be financed under the European Neighbourhood Instrument\(^6\) are to preserve the viability of the two-state solution. The planning for this Annual Action Programme is set within the framework of the European Joint Strategy 2017-2020 ‘Towards an accountable and democratic Palestinian state’ and the review of the modalities of EU engagement on the ground in support of a two-state solution announced by High Representative and Vice President Mogherini and Commissioner Hahn in September 2017.

The actions are relevant in view of responding to the impact of the Covid-19 pandemic outbreak in 2020\(^7\).

The action entitled ‘Access to self-sufficient water services’ (Annex 1) aims to ensure the provision of self-sufficient, equitable, affordable and sustainable access to safe water services for all.

The action entitled ‘Support productive investments in Palestine’ (Annex 2) aims to promote inclusive sustainable socioeconomic development contributing to the strengthening of the PA institutional presence in the Gaza Strip and Area C and to the territorial interconnectivity in the West Bank.

The action entitled ‘Palestinian Youth Empowerment Programme’ (Annex 3) aims to improve Palestinian youth contribution to economic, social and public life.

It is appropriate to authorise the award of grants without a call for proposals, pursuant to Article 195 of Regulation (EU, Euratom) 2018/1046.

Pursuant to Article 4(7) of Regulation (EU) No 236/2014, indirect management is to be used for the implementation of the programme.

The Commission is to ensure a level of protection of the financial interests of the Union with regards to entities and persons entrusted with the implementation of Union funds by indirect management as provided for in Article 154(3) of Regulation (EU, Euratom) 2018/1046.

The entities and persons, referred to in Annexes 1 and 3, are to be subject to an assessment of their systems and procedures in accordance with Article 154(4) of Regulation (EU, Euratom) 2018/1046 and, if necessary, to appropriate supervisory measures in accordance with Article 154(5) of Regulation (EU, Euratom) 2018/1046 before a contribution agreement can be signed.


It is necessary to allow for the payment of interest due for late payment on the basis of Article 116(5) of Regulation (EU, Euratom) 2018/1046.

In order to allow for flexibility in the implementation of the programme, it is appropriate to allow changes which should not be considered substantial for the purposes of Article 110(5) of Regulation (EU, Euratom) 2018/1046.

The actions provided for in this Decision are in accordance with the opinion of the European Neighbourhood Instrument Committee established under Article 15 of the financing instrument referred to in recital 4.

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\(^7\) As declared by the World Health Organisation on 11 March 2020.
HAS DECIDED AS FOLLOWS:

Article 1
The programme
The annual action programme 2020 in favour of Palestine, as set out in the Annexes, is adopted.
The programme shall include the following actions:
- Annex 1: Access to self-sufficient water and services;
- Annex 2: Support productive investments in Palestine;
- Annex 3: Palestinian Youth Empowerment Programme.

Article 2
Union contribution
The maximum Union contribution for the implementation of the programme for 2020 is set at EUR 57 400 000 and shall be financed from the appropriations entered in the following line of the general budget of the Union: budget line 22.040104.
The appropriations provided for in the first paragraph may also cover interest due for late payment.

Article 3
Methods of implementation and entrusted entities or persons
The implementation of the actions carried out by way of indirect management, as set out in the Annexes, may be entrusted to the entities or persons referred to or selected in accordance with the criteria laid down in point 5.3.1 of Annex 1, point 5.3.3 of Annex 2, point 5.2.2. of Annex 3.

Article 4
Flexibility clause
Increases\(^8\) or decreases of up to EUR 10 million not exceeding 20% of the contribution set in the first paragraph of Article 2, or cumulated changes to the allocations of specific actions not exceeding 20% of that contribution, as well as extensions of the implementation period shall not be considered substantial within the meaning of Article 110(5) of Regulation (EU) 1046/2018, where these changes do not significantly affect the nature and objectives of the actions. The use of contingencies shall be taken into account in the ceiling set by this Article.
The authorising officer responsible may apply the changes referred to in the first paragraph. Those changes shall be applied in accordance with the principles of sound financial management and proportionality.

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\(^8\) These changes can come from external assigned revenue made available after the adoption of the financing Decision.
Article 5
Grants

Grants may be awarded without a call for proposals pursuant to Article 195 of Regulation (EU, Euratom) 2018/1046 to the bodies referred to in point 5.4.1 of Annex 2 and point 5.2.1. of Annex 3.

Done at Brussels, 1.9.2020

For the Commission
Olivér VÁRHELYI
Member of the Commission
ANNEX 1

of the Commission Implementing Decision on the annual action programme for 2020 in favour of Palestine

Action Document for ‘Access to self-sufficient water services’

<table>
<thead>
<tr>
<th><strong>ANNUAL PROGRAMME</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation No 236/2014.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>1. Title/basic act/CRIS number</strong></th>
<th>Access to self-sufficient water services</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRIS number:</td>
<td>ENI/2020/042-358</td>
</tr>
<tr>
<td>financed under the European Neighbourhood Instrument</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>2. Zone benefiting from the action/location</strong></th>
<th>Palestine</th>
</tr>
</thead>
<tbody>
<tr>
<td>The action shall be carried out at the following location: Gaza Strip</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>3. Programming document</strong></th>
<th>European Joint Strategy in support of Palestine 2017-2020 – Towards a democratic and accountable Palestinian State</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>4. Sustainable Development Goals (SDGs)</strong></th>
<th>SDG6 - Improved access to water, sanitation and hygiene</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SDG 3 – Good health and wellbeing</td>
</tr>
<tr>
<td></td>
<td>SDG 7 – Affordable and clean energy</td>
</tr>
<tr>
<td></td>
<td>SDG 9 – Industry, innovation and infrastructure</td>
</tr>
<tr>
<td>Other significant SDGs:</td>
<td></td>
</tr>
<tr>
<td>SDG 12 - Responsible consumption and production</td>
<td></td>
</tr>
<tr>
<td>SDG 16 - Peace, justice and strong institutions</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>5. Sector of intervention/thematic area</strong></th>
<th>Pillar IV: Access to self-sufficient water and energy services</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEV. Assistance: YES</td>
<td></td>
</tr>
</tbody>
</table>

1. This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.
3. Official Development Assistance is administered with the promotion of the economic development and welfare of developing countries as its main objective.
6. Amounts concerned

Total estimated cost: EUR 582 300 000
Total amount of European Union (EU) contribution: EUR 25 600 000
To date, this action is co-financed amongst others by Algeria, Australia, Cyprus, France, Germany, the Islamic Development Bank, Italy, Japan, Kuwait, Luxembourg, Malta, Netherlands, Romania, Slovenia, Turkey, United Kingdom, World Bank.

7. Aid modality and implementation modality

Project Modality
Component 1.1 - Gaza Central Desalination Plant
Indirect management with an entrusted entity
Component 1.2 - Gaza Central Desalination Plant Project Management Architecture / Tendering Support
Indirect management with an entrusted entity

8 a) DAC code(s)
14015 - Water Resource Conservation
14021 - Water supply - large systems

b) Main Delivery Channel
Other – 5200

9. Markers (from CRIS DAC form)

<table>
<thead>
<tr>
<th>General policy objective</th>
<th>Not targeted</th>
<th>Significant objective</th>
<th>Principal objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation development/good governance</td>
<td></td>
<td></td>
<td>☑</td>
</tr>
<tr>
<td>Aid to environment</td>
<td></td>
<td></td>
<td>☑</td>
</tr>
<tr>
<td>Gender equality and Women’s and Girl’s Empowerment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reproductive, Maternal, New born and child health</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RIO Convention markers</th>
<th>Not targeted</th>
<th>Significant objective</th>
<th>Principal objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biological diversity</td>
<td>☑</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Combat desertification</td>
<td>☑</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Climate change mitigation</td>
<td></td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>Climate change adaptation</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

10. Global Public Goods and Challenges (GPGC) thematic flagships

Environment and Climate Change
Human Development/Health

**SUMMARY**

This action aims to improve availability, quality, equity and efficiency in the management of water resources in Gaza through the allocation of a third instalment of the EU pledge for the **Gaza Central Desalination Plant and Associated Works Programme (GCDP)** whose costs are estimated to overall EUR 582 300 000. The programme comprises:

- **a.** the construction and operation of a seawater reverse osmosis (SWRO) **desalination plant** of 55 million cubic meter (mcm) yearly capacity, including the installation of an on-site fossil fuel and photovoltaic power plant and an off-site photovoltaic and wind power plant;

- **b.** **associated works**, including the construction of a north-south water carrier for transport of desalinated water, storage reservoirs for blending as well as a non-revenue water reduction plan and efforts to increase collection efficiency.

The EU contribution of EUR 25 600 000 would be used for project management consultancy – EUR 2.9 million, as well as to contribute another EUR 22 700 000 for the desalination plant component (see a.) above). Implementation method is indirect management with the European Investment Bank (EIB), following the implementation method chosen in 2018 for the first tranche of EUR 14 200 000 to the desalination plant component.

The GCDP has been identified by the PA and its international partners as the best option for Gaza to secure its water supply, increase water quality and stabilise the aquifer and so respond to the current water crisis. In the September 2019 Ad Hoc Liaison Committee (AHLC) meeting in New York, HR/VP Mogherini stated that the EU now considers the financing secured while “the door remains open to other donors to participate.”

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**1. CONTEXT ANALYSIS**

**1.1. Context Description**

Palestine is home to 5 million people of which 3 million live in the West Bank, including East Jerusalem, and 2 million in the Gaza Strip. In addition, more than 620,000 Israeli settlers live in the West Bank. 40% of Palestinians living in Palestine are refugees and this figure goes up to 70% in the Gaza Strip. 47% of the population is under 17 years old and 71% of the population is younger than 30. Palestine is a Lower Middle Income Country. It is ranked 119 out of 189 countries in the 2018 Human Development Index, a drop of three places compared with 2016.

**Palestine is marked by the ongoing Palestinian-Israeli conflict,** as well as by the disruption of over fifty years of occupation and the progressive fragmentation of its territory, including the illegal de jure annexation of East Jerusalem and de facto annexation of other parts of the West Bank. There is no ongoing peace process and no realistic perspective of the resumption of peace talks. The Oslo Accords, under which the Palestinian Authority (PA) was created in 1994, were intended to lead to a final negotiated settlement between the parties. Twenty-five years later, the PA, which has operated as a transitional authority with limited jurisdiction since its creation, has administrative, judicial and security jurisdiction in only 18% of the West Bank, i.e. in Area A. Palestinian economic development and its political relations with Israel are inherently linked.

**Access and distribution of water in Palestine** are among the most critical and sensitive issues. The management and use of water resources in Palestine is at the forefront of the

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political dispute. Groundwater and surface water resources in Palestine are shared between Israelis and Palestinians: whereas a specific quantity was temporarily allocated for the use of Palestinians by the Oslo Accords, the final definition of the parties' rights on water resources was left for final-status negotiations. While this interim arrangement is considered still in force, the Palestinian share is continuously declining, as resources are mostly located in Area C and groundwater abstraction and the use of surface water are strictly controlled by Israel. The Palestinian water sector is therefore characterised by lack of control over available resources. Economic hardship as well as lack of sufficient infrastructure and effective water resource management have led to a severe water shortage both in the West Bank but in particular in Gaza. The COVID crisis has put the sector under even higher tensions, both from a supply and demand side, as the financial resources of the PA cannot cover the running costs of the main water facilities and the population being under strong economic constraints have difficulties to pay for access to water.

In Gaza, water quality and per capita available quantity are worryingly below international standards and threatened by pollution from agriculture, solid waste and wastewater. The supply of fresh water to the population of Gaza at present depends overwhelmingly on the groundwater aquifer. The high level of abstraction, contamination and wastewater has caused in excess of 95% of Gaza water to be unfit for human consumption according to World Health Organisation (WHO) standards. The abstraction for domestic use is around 94 million cubic meter (mcm) per year and further 105 mcm per year is estimated to be abstracted for agricultural use and industries. To compound matters, domestic water demand is projected to increase to more than 140 mcm in 2035 (population growth). The level of groundwater use which would ensure its natural recharge is instead between 55 and 60 mcm/year. As a result of this unbalance, seawater and surrounding saline aquifers intrude into the fresh water aquifer with an adverse effect on ground water quality.

1.2. Policy Framework (Global, EU)

The action contributes to several Sustainable Development Goals (SDGs): SDG6 (clean water and sanitation), SDG 3 (good health and wellbeing), SDG 7 (affordable and clean energy), SDG 9 (industry, innovation and infrastructure), SDG12 (responsible consumption and production), SDG 16 (peace, justice and strong institutions) as well as to the aspiration set out in the EU Global Strategy to 'support governments to devise sustainable responses to food production and the use of water/ energy. Access to water is internationally recognised as a fundamental human right in itself as well as key for the realisation of all other human rights, including the right to a healthy environment and the right to development.'

The action is in line with the 2017 European Consensus on Development, which states 'the EU and its Member States will support sustainable and integrated water management as well as more efficient use of water and water recycling.'

This action is aligned with the EU review of EU modalities of engagement on the ground in support of a two-state solution and illustrates EU enhanced engagement to support converging Israeli and Palestinian interests, in line with EU policy objectives.

5. United Nations General Assembly Res. 64/292: “…the right to safe and clean drinking water and sanitation as a human right that is essential for the full enjoyment of life and all human rights.”, Human Rights Council, Fortieth session. 25 February–22 March 2019 Agenda item 7.
The action is also in line with the Council Conclusions on Water Diplomacy, which “encourage[...] the High Representative, the Commission and Member States to give the necessary consideration to the importance of water and sanitation in the [...] financial and technical co-operation with partner countries.”

Finally, the action contributes to the overall objective for Pillar IV (Self-Sufficient Water and Energy Services) of "The European Joint Strategy in Support of Palestine 2017-2020" to ensure the provision of self-sufficient, equitable, affordable and sustainable access to safe water and sanitation services for all.

1.3. Public Policy Analysis of the partner country

The Palestinian Authority's National Policy Agenda 2017-2022 'Putting Citizens First' (NPA) describes the strategic direction of the government in three pillars: path to independence; government reform; and sustainable development. The Agenda, and its dependent 21 sector strategies are aspirational documents which set out well the vision for the PA, but are at times not based on the constraining realities of the Palestinian context.

In addition to the NPA, the National Water and Wastewater Policy and Strategy for Palestine 2012-2032 provides the planning and management framework necessary for the protection, conservation, sustainable management and development of water resources and for the improvement and sustainable management and provision of water supply and wastewater services and related standards in the Palestinian Territory. As such, and in order to address these key issues, the Palestinian Water Authority's (PWA) Strategic Development Plan 2017-2022 was developed along the following five specific objectives:

i) integrated management and sustainable development of water resources;
ii) improving quality/reliability of water supply services and ensuring fair water distribution;
iii) improving wastewater services and structures;
iv) development of water sector institutions to reinforce good governance and;
v) ensuring financial sustainability of water service providers.

In order to respond to the increasing demand for water in Gaza, PWA developed in 2016 a master plan for interventions named the Rolling Programme of Interventions (RPI) in which the construction of a central seawater desalination facility is part of the foreseen long-term solution, as detailed below.

1.4. Stakeholder analysis

In the water sector, the Palestinian Water Authority (PWA) is the main stakeholder, both with regards to its role in the policy framework and reforms and the infrastructure investments in the sector. Regarding the reform, the EU and international partners expressed some concerns about the lack of significant progress and dialogue. Commitment at the highest levels of the PWA needs to be ensured to allow for a successful process and for a parallel advancement on infrastructure projects that require a stronger institutional framework and capacity and resources for Operation and Maintenance (O&M).

The Coastal Municipality Water Unit (CMWU) is another major stakeholder that is part of the institutional framework. Its service provider role is crucial when it comes to operation and maintenance of the envisaged infrastructures, on a temporary or longer-term basis.
A wide range of stakeholders, representing the international community is involved in the funding of the GCDP, including the European Commission, the European Investment Bank (EIB), the Islamic Development Bank (IsDB) and the World Bank (WB). EIB will be managing donors resources, including a Trust Fund for the construction of the desalination plant and its power supply, while the WB manages a Trust Fund relating to the construction of the Associated Works. As to the IsDB, it will manage the financial contributions from the Arab Gulf Donors in co-ordination with EIB and WB respectively. In addition, the Palestinian Water Authority will manage donor financing received through bilateral agreements.

In the absence of major policy changes, the Government of Israel for its role related to access of material, equipment and people into Gaza is a major stakeholder and it has expressed its strong commitment on several occasions in the AHLC meetings as well as in the Informal Task Force meetings co-ordinated by the Office of the Quartet (OQ).

Indirect beneficiaries of this intervention will be the whole population of Gaza (around 2 million), benefitting from expected improved performance of the water sector.

1.5. Problem analysis/priority areas for support

Access, quality and fair distribution of water, in particular in Gaza, is one of the most critical issues for economic, social and environmental reasons. The lack of sufficient infrastructure and of effective and sustainable water resource management has led to a severe shortage of quality water and has a strong environmental impact on the aquifer.

In the Gaza strip, the main water resource is the coastal aquifer stretching across the Gaza Strip. The abstraction for domestic use, agriculture and industry (together around 200 million cubic meter) significantly exceeds its natural recharging capacity (between 55-60 million cubic meter). Consequently, seawater and surrounding saline aquifers intrude into the fresh water aquifer with an adverse effect on ground water quality. On the other hand, due to insufficiently developed sewage collection networks, lack of operating wastewater treatment plants and power disruptions, wastewater is frequently released without treatment and also seeping into and polluting the aquifer. As a result, only 3.6% of the supplied domestic water in 2015 was meeting WHO standards for drinking water. The demand for water is estimated to evolve from 117 mcm in 2018 to 182 mcm in 2032, making more urgent the need to develop an appropriate long-term response.

At the household level, Gazans are trying to cope with this shortage through relying for drinking water on highly expensive water distributed by trucks, using non-potable municipal water, and increasing their water storage capacity. While interventions are identified to mitigate the crisis, in the interim, the coastal aquifer continues being over-abstracted.

In this context, the construction of a large-scale desalination plant together with the appropriate supply and distribution infrastructure has been confirmed as the long-term option for Gaza to stabilise the aquifer and secure its water supply. The desalination plant as part of the Gaza Central Desalination Plant Programme will provide a sustainable water supply

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[6] The Task Force is the primary platform for processing approvals of materials, machinery and programme personnel, and preventing or mitigating challenges related to the entry and storage of materials for the GCDP. The Task Force, chaired by the OQ, includes PWA, COGAT, EU and WB as permanent members. Other parties—EIB, UNSCO, UNOPS, UfM and consultants to the GCDP&AW participate as needed.
system to cover the bulk of the needs of the Gaza population (capacity of 55 mcm following completion of the current phase I).

Supply and demand for domestic water in Gaza 2018-2032 in mcm/y

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2023</th>
<th>2028</th>
<th>2032</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DEMAND</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>117</td>
<td>139</td>
<td>160</td>
<td>181.8</td>
</tr>
<tr>
<td><strong>SUPPLY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>95</td>
<td>136.2</td>
<td>160.2</td>
<td>179.2</td>
</tr>
<tr>
<td>Ground water</td>
<td>78.8</td>
<td>38</td>
<td>7</td>
<td>26</td>
</tr>
<tr>
<td>Short Term Low Volume Desalination</td>
<td>3.2</td>
<td>13.2</td>
<td>13.2</td>
<td>13.2</td>
</tr>
<tr>
<td>Private reverse osmosis units</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Import from Israel</td>
<td>10</td>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Gaza Central Desalination Plant</td>
<td>0</td>
<td>55</td>
<td>110</td>
<td>110</td>
</tr>
</tbody>
</table>

Source: Office of the Quartet

Achieving the overall objective of this intervention as well as sustainability and economic viability of the entire water sector is subject to the systematic implementation of the Water Sector Reform based on the 2014 Water Law and the reinforcement of PWA capacities.

2. **RISKS AND ASSUMPTIONS**

<table>
<thead>
<tr>
<th>Risks</th>
<th>Risk level (H/M/L)</th>
<th>Mitigating measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unpredictable deterioration of political/security situation.</td>
<td>M</td>
<td>The project will use decentralised implementation, using interventions at local level where possible.</td>
</tr>
<tr>
<td>Unpredictable Israeli policies and actions e.g. further restrictions regarding the movement of materials, goods and people.</td>
<td>H</td>
<td>Specific mechanisms for the GCDP project are developed through the Office of the Quartet, including a specific materials/personnel entry system. An Alliance approach tendering modality was also agreed upon to cater for Israel's security/timely information sharing requirements.</td>
</tr>
<tr>
<td>Donor contributions not materialising</td>
<td>H</td>
<td>Advocacy work with Donors.</td>
</tr>
<tr>
<td>Insufficient institutional and implementation capacities of PWA, in particular in Gaza.</td>
<td>H</td>
<td>Policy dialogue is focused on pursuing the water sector reform, including through the PEGASE programme incentive-based tranches. External consultants will be contracted to assist PWA in the implementation of the</td>
</tr>
</tbody>
</table>
**Assumptions**

1. Continued engagement of international community to the GCDP funding.
2. Ability of PWA to operate in Gaza.
3. All relevant stakeholders remain committed to the action's objectives and results, including institutional and infrastructural commitments.
4. The electricity supply in Gaza is sufficiently stable or improves from its current level.
5. There is progress of water reforms, including creation of the National Water Company and adoption of necessary by-laws.
6. G4G progresses and comes online either in time with the finalisation of the desalination plant component of GCDP or by the latest 5 years thereafter.
7. Environmental impacts are addressed accordingly based on ESIA recommendations and applicable regulations.

**3. LESSONS LEARNT AND COMPLEMENTARITY**

**3.1. Lessons learnt**

The main lessons learnt from previous water projects in Gaza and the West Bank include the following:

(i) the lack of progress in the water reform sector has created ambiguous consensus on the role of different water bodies, especially in Gaza; thus special attention (also via the incentive based approach via PEGASE) will need to be given to the pursuit of the reform and the leadership of PWA in the management of the programme;

(ii) economic hardship and lack of effective water resource management combined with the lack of progress on the water reform emphasised the critical importance of integration of the Operation and Maintenance (O&M) requirements into current and future projects;

(iii) In parallel, PWA/the PA shall be encouraged and supported to find sustainable solutions to the O&M issue, in particular in Gaza, where PWA is lacking capacities to deliver on its responsibilities;

(iv) importance of the water-energy nexus in Palestine and a need to factor in the energy dimension early on in the planning of water projects, especially in Gaza. The recent energy crisis in Gaza (decrease of power supply to less than 4 hours per day) had a strong impact on water infrastructure and water distribution and this was factored in early on in the planning of the GCDP. Connecting Gaza to natural gas through the Gas for Gaza (G4G) project is considered the central solution to Gaza’s energy deficit, and will contribute to ensure the long term viability of key water infrastructure.
3.2. Complementarity, synergy and donor co-ordination

Donor interventions in the Water Sector are co-ordinated by the Water and Sanitation Sector Working Group under the Local Aid Co-ordination Structure (LACS) and aligned with the PWA's Strategic Development Plan. The Water Sector Working Group is chaired by the PWA, with the Netherlands as deputy chair. In September 2019, the group met with the participation of the PWA's Minister to discuss the progress in the sector and in particular the Water Sector Reform. Furthermore, bi-monthly meetings and ad hoc side consultations were carried out in 2019 in order to share information, co-ordinate annual actions plans and aid and discuss priorities and strategies of relevant PA's institutions in the sector.

The European Joint Strategy (EJS) 2017-2020 provides a framework through which European support is co-ordinated with Palestinian partners, in line with the Palestinian National Policy Agenda. The EU/EU Member State approach is also co-ordinated through a dedicated informal working group.

The planned investments in the GCDP programme are the results of extensive co-ordination with national and international stakeholders, in primis PWA, the EIB, the World Bank, the Union for the Mediterranean and the Islamic Development Bank in representation of Arab donors. The successful pledging conference for the GCDP held in March 2018 and the follow-up event organised in the margins of the Brussels AHLC in 2019 led to the covering of 85% of the funding requirements. On the occasion of the AHLC meeting in September 2019 HR/VP Mogherini stated that the EU considered the financing secured but “the door remains open to other donors to participate.”

As mentioned above, this programme is part of the wider PWA strategy to avert a humanitarian water crisis in Gaza. The EU is a lead partner in the implementation of several of the short-term priority components of this programme through a set of interventions such as the construction of a Short-Term Low Volume (STLV) desalination plant for the Southern Governorates, the boosting of the water supply through increasing water imports using existing connection points between the Israeli and the Palestinian networks, as well as quicker-impact measures to address equally critical issues such as the efficiency and energy sustainability of the water system and flood control. The construction of two other STLV desalination plants was completed in 2019 with USAid and Kuwaiti funding and the efficiency and energy sustainability is also on the agenda of other humanitarian donors.

In the short term, humanitarian organisations funded by DG ECHO seek to address the gradual deterioration of water and sanitation infrastructure in Gaza through targeted interventions, including in hospitals and in vulnerable communities exposed to conflict. These small-scale interventions mitigate the impacts of shocks for poor households and help build local capacity in the short-term, pending the completion of major priority infrastructure such as the GCDP.

While there has been noteworthy progress in advancing major priority infrastructure, meeting operation and maintenance needs (cost-recovery, institutional capacity, energy, funding, etc) remains a major challenge. All newly constructed major water and wastewater infrastructure in Gaza require funding of O&M costs. The PA has committed to subsidising the cost of energy to these facilities and the World Bank and KfW have pledged contributions to support the O&M of water and wastewater facilities in Gaza. However the long-term viability of these facilities depends on the ability of operators to recover costs from
consumers. The PWA and the Coastal Municipalities Water Utility (CMWU), assisted by the OQ, have undertaken an analysis of the O&M costs and cost recovery scenarios to be adopted by the PA and the service providers, as well as the remaining funding gap to be supported by donors in order to ensure for the full operation of water and wastewater facilities in Gaza between 2019-2023.

The project is complementary with the Regional project 'Water and Environment Support' (WES), which aims to strengthen the efficient use of water in the region. In Palestine, the project will support the government to improve fee collection and financial sustainability.

Further, support is needed to address institutional weaknesses and accompany the sector reform. The implementation of the 2014 Water Law is crucial to the performance and sustainability of the sector. The institutional architecture is to be reformed and reinforced, notably through the establishment of the National Water Company (NWC). For this purpose, EU is providing support for the West Bank Water Department (WBWD) to eventually become NWC. In addition, as part of the AW programme, the World Bank will support the establishment of the Bulk Water Supply Department in Gaza to eventually become the Gazan branch of the NWC. Further to this, a service provider improvement programme will be designed as part of the capacity building components of the WB and KfW's interventions thus addressing the performance and economic viability of the sector in its entirety.

Last but not least, the EU is supporting the reform of the Water Sector also through the PEGASE programme that includes incentive-based tranches. Performance indicators related to the adoption of by-laws in the water sector have been agreed with the PA for 2019 and are under discussion for 2020. This programme should allow the government to conduct the reform and will be complemented by policy dialogue.

4. DESCRIPTION OF THE ACTION
4.1. Overall objective, specific objective(s), expected outputs and indicative activities

Overall objective (impact):

The overall objective is to ensure the provision of self-sufficient, equitable, affordable and sustainable access to safe water services for all.

The Specific Objectives (expected outcomes) are:

- Improved availability, quality and reliability of piped water supply services in Gaza.
- Reduced pressure on the aquifer from reduced abstraction of water for domestic consumption.

The Expected Output is:

Increased (by 55 million cubic meters per year) adequate, reliable and safe bulk water supply to Gaza meeting international standards.

Main activities

1. **Gaza Central Desalination Plant**
The works comprise the construction of a seawater reverse osmosis (SWRO) desalination plant of 55 mcm/y capacity as well as the installation of an on-site fossil fuel, a photovoltaic power plant and the construction of an off-site photovoltaic and wind plant;

A first tranche of EUR 10 000 000 to the works on the desalination plant component of the GCDP Programme was committed through Annual Action Programme 2018 and the second tranche of EUR 22 700 000 is included in this Action.

2. Gaza Central Desalination Plant Project Management Support Consultants

At the pledging conference in 2018 the EU has pledged EUR 7.1 million to cover the costs of the Programme Management Support Consultancy (technical assistance) to assist with the Alliance tendering approach agreed by the parties. A first tranche of EUR 4 200 000 to the technical assistance to the desalination plant component of the GCDP Programme was committed through Annual Action Programme 2018 and the second tranche of EUR 2 900 000 is included in this Action.

4.2. Intervention Logic

Water is an indispensable pre-condition for life, a vital human right and public good, an economic cornerstone and a finite resource. The right to water requires that water supplies should be sufficient, safe, acceptable for consumption, physically accessible and affordable.

Access and distribution of water in Palestine are among the most critical and sensitive issues in the Israeli-Palestinian conflict, as respective water consumptions reflect stark inequalities. Due to the allocations of trans-boundary water resources agreed upon under Oslo II, Israel currently controls approximately 80% of water resources in the West Bank. Water shortages are common in the West Bank and Gaza, with the latter experiencing a dramatic situation in terms of both quantity and quality of available resources, well below international standards.

To deal with the crisis, the Palestinian Water Authority (PWA) developed a rolling programme of interventions to find alternative sources of potable water. The interventions include, amongst others, increasing imported water, expansion of short-term low-volume (STLV) seawater desalination units, measures for improving the distribution efficiency and reduction of unaccounted water losses, as well as construction of wastewater treatment plants with large-volumes schemes for the reuse of the treated wastewater. Increasing the supply of bulk water resources, including the construction of a central desalination plant, is one of the identified long term priorities of the programme.

Against this background the PWA, in partnership with international institutions including the European Commission, the European Investment Bank (EIB), the Union for the Mediterranean (UfM), the Islamic Development Bank and World Bank, prepared a comprehensive and integrated investment programme, the Gaza Central Desalination Plant Programme and defined its components as follows:

a. Gaza Central Desalination Plant:

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7 incl. Management Support Services, Legal Advisor and Probity Auditor.
8 The Alliance approach was identified by the EIB and agreed by the parties as the most appropriate tendering modality to address simultaneously the needs of the donors, PWA and the GoI. It is defined to ensure the necessary flexibility and timely information sharing. Such modality requires nevertheless a level of effort and resources beyond traditional project delivery systems, in order to efficiently facilitate early and final reviews and approvals of the proposed design, bill of quantities and the dual-use items from two (2) prequalified bidders hence the need for dedicated procurement support.
o Construction and operation of a seawater reverse osmosis (SWRO) desalination plant of 55 mcm/y capacity;
o Installation of an On-site fossil and a photovoltaic power plant installed on the roofs of the SWRO buildings & Construction of an Off-site power plant consisting of a photovoltaic plant on ground structures and two wind turbines;

b. Associated works:
o Construction of a north-south water carrier including storage reservoirs for transport of desalinated water, and for blending the desalinated water with water from other, primarily groundwater sources;
o A non-revenue water reduction plan, to reduce NRW to about 20% (in the year 2030) and to increase revenue collection efficiency from the current 38% to 80% and beyond;

This action contributes to building the major bulk water system component necessary to supply an adequate, reliable and safe water supply thus providing a long-term solution to the Gaza water crisis

This action will contribute to the contraction of the Gaza central Desalination Plant (see a.) also by providing technical assistance (Programme Management Support Consultant) to PWA for managing the programme during its procurement, contracting and implementation phases. Further, it will ensure the required funds to start the construction of the desalination plant and related energy components of the programme, proportionally to EU’s pledged assistance.

With the proposed investments, the deficit of water will be relieved and the quantity and quality of water will substantially improve. This will also have a positive effect on water prices, reducing the population's reliance on highly expensive water distributed by tankers, which are now compensating for the missing and irregular piped supply. Household allocation of resources will thereby improve as will, in turn, the standard of living. Furthermore, the increased supply will remove the burden on the Gaza's coastal aquifer, reducing its depletion pace.

Through intense co-ordination work with all relevant parties over the last couple of years, the situation had matured for the tendering of the project to progress.

For the desalination plant component, the pre-qualification phase was launched in August 2019. Following the application of the Alliance Approach for the final selection of the contractor, the tendering process is expected to be completed in 2022 and the construction works on the plant to commence in the second half of 2022, with a construction period estimated to last 36 months.

In parallel a comprehensive Technical Assistance package is expected to be launched in 2020, consisting of Programme Management Support Consultancy, Probity Auditor and Legal Advisor to support the tendering and implementation of the Programme. Further, co-ordination efforts are ongoing towards structuring the institutional component of the programme to ensure capacity building for implementation and operation of the plant and related systems.

The construction of a first component of the Associated Works (AW) of the Gaza Central Desalination Programme (GCDP) for the southern additional water supply from Israel commenced in the south of Gaza in August 2019 and is expected to be completed by the end of 2020. Another component, the Southern Carrier, is in the final stages of tendering and is expected to be completed by mid-2022. These will provide a comprehensive upgrade of the
water network used for transmission of potable water in the Middle and Southern Areas of Gaza. The North Carrier will follow with completion expected by September 2023.

Re-configuration of water networks in the north, middle and south will be tendered starting mid-2020.

4.3. Mainstreaming

*Rights-Based Approach:* the action assists in ensuring basic rights for an adequate standard of living, such as access to water and essential services. With regard to access and affordability, the provision of additional water quantity will relieve the deficit and have a positive effect on the price of services, reducing the dependence on tankered water.

*Gender equality:* the EU Gender Action Plan II (2016-2020) mentions specifically the need to ensure 'equal access and control over (...), water, energy, (...) and equitable engagement in their management, enjoyed by girls and women'. The design of the project's sub-components is gender-sensitive and indicators defined to monitor them are disaggregated to the maximum extent possible. Gender will also be mainstreamed through dedicated awareness campaigns and integrating recommendations and results into the implementation of the Action.

*Civil Society:* CSOs active in the sector in Gaza have been identified and consulted on the proposed actions. Accompanying measures for involvement of civil society in project implementation will be taken into account at the implementation stage.

*Environment and climate change:* environmental sustainability and protection are addressed together with health risk mitigation, as the action aims to reduce risks from the supply of unmonitored water unfit for human consumption and to enable the protection of the aquifer. ESIA has been prepared for the desalination component and has addressed the potential environmental and social impacts of the proposed facilities during construction and operation. The implementation of the Programme will assist the optimal use of available resources in a highly constrained water context. The energy dependent technology is addressed through the use of renewable energy where 15% of the overall plan yearly energy consumption will be covered from renewable energy sources.

*Good governance principles:* the use of local systems and empowerment of local stakeholders are embedded in the design of the activities. The capacity of the water service providers will be strengthened through the action.

4.4. Contribution to SDGs

This intervention is relevant for the 2030 Agenda. It contributes primarily to the progressive achievement of SDG 6 (improved access to water, sanitation and hygiene), while also contributing to SDG 3 (good health and wellbeing), SDG 5 (achieve gender equality and empower all women and girls) SDG 7 (affordable and clean energy), SDG 9 (industry, innovation and infrastructure), SDG 12 (responsible consumption and production) and SDG 16 (peace, justice and strong institutions).

5. IMPLEMENTATION

5.1. Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.
5.2. **Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission’s responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3. **Implementation modalities**

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures\textsuperscript{10}.

5.3.1. **Indirect management with an entrusted entity**

5.3.1.1. **Indirect management with the European Investment Bank (EIB)**

This action may be implemented in indirect management with the European Investment Bank (EIB). This implementation relates to the achievement of results 1 and 2 under section 4.1 and entails providing:

- EUR 22 700 000 for the construction of the Gaza central desalination plant. This contribution is expected to be committed over the construction period of the plant, through a co-ordinated approach with other donors and stakeholders.

- EUR 2 900 000 to fund the Project Management Support Consultants.

The envisaged entity has been selected using the following criteria: a) specific sector/thematic expertise with reverse-osmosis sea water desalination plants and renewable energy in the region; b) logistical and management capacities for pooling donors funding; c) neutrality and reliability in crisis/conflict situations.

Since 2011, EIB has been one of the lead institutions for the GCDP project, and has developed a specific know-how and a trust relation with all stakeholders. The EIB has used the EU funds for the preparation of the desalination plant tender design.

EIB will implement the EC's contribution to the desalination component as well as funds from other interested donors.

EIB will manage funds related to the desalination plant and the related renewable energy component, technical assistance and a subsidy of operating costs. The Entity will implement the funds through procurement contracts and agreements in accordance with its rules and procedures.

In case the envisaged entity mentioned above would need to be replaced, the Commission’s services may select another replacement entity using the same criteria.

\textsuperscript{10} www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.
5.4. **Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply. The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.
5.5. Indicative budget

<table>
<thead>
<tr>
<th>Description</th>
<th>EU contribution (amount in EUR)</th>
<th>Indicative third party contribution (amount in EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect management with EIB, Gaza Central Desalination Plant Second Tranche</td>
<td>25,600,000</td>
<td>556,700,000</td>
</tr>
<tr>
<td>1. Gaza Central Desalination Plant Investment Grant component</td>
<td>22,700,000</td>
<td></td>
</tr>
<tr>
<td>2. Gaza Central Desalination Plant Technical Assistance component</td>
<td>2,900,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25,600,000</td>
<td>556,700,000</td>
</tr>
</tbody>
</table>

5.6. Organisation set-up and responsibilities

Given the involvement of many donors, a Trust Funds architecture was designed to coordinate administration and disbursement of funds. The Trust Funds structure is as follows:

- The European Investment Bank would manage funds related to the construction of the Desalination plant and its power supply and a Trust Fund relating to this Programme component.12
- The World Bank would manage funds related to the construction of the Associated Works and a Trust Fund relating to this Programme component.
- The Islamic Development Bank would manage an upper Fund holding the financial contributions from the Gulf Donors.
- The Palestinian Water Authority will manage bilateral contributions, not going through the Trust Funds structure

The EIB, EU and PWA developed a Programme Management Architecture (PMA) to ensure the smooth implementation of the Programme, whilst emphasizing transparency, good governance and supporting capacity building and sustainability for the water sector in Palestine. Respective provisions for financing the PMA are made in the budget estimate of the Programme.

**Steering level**

The Programme Steering Committee is an inter-ministerial committee chaired by the Minister of Water and Head of PWA, with participation of the Office of the Prime Minister, the Ministry of Finance, PENRA and the Environment Quality Authority. The Programme Steering Committee will decide on the main strategic orientations of the Programme.

The Programme Steering Committee based on professional experience and merit will select the Programme Director. The Director shall report to the Chair of the Steering Committee. All major decisions shall be taken by the Steering Committee, which authorises the Director to act and implement.

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11. The indicative third party contribution is calculated on the basis of the expected cost of the Programme, including the rest of the estimated total EU contribution.
12. The EU contribution to the desalination plant component would be managed by EIB through bilateral arrangement, outside of the Trust Fund structure.
Management & Implementation Level

A Gaza Desalination Department (GDD) in the PMU shall be established in PWA and will be dedicated to manage the desalination project in all stages (tendering, construction and O&M). A Director who will report to the PWA Head will head the Gaza Desalination Department in the PMU. The GDD shall co-ordinate all aspects of the project and have the authority to liaise with all stakeholders in Palestine, as well as the International Financial Institutions.

Support/Co-ordination

The International Co-ordination Committee will ensure co-ordination among international community to address any financial/technical obstacles and will meet on a bi-annual basis and as necessary. Participants include PWA (chair), UfM, EIB, IsDB, WB, EU and the other donors.

5.7. Performance and Results monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Logframe matrix.

The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8. Evaluation

Having regard to the nature of the action, evaluations may be carried out for this action or its components via independent consultants contracted by the Commission and via the implementing partners.

A mid-term evaluation and final evaluations may be carried out for the different components of the action, contracted by the Commission.

They will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the specificity of the action components.

The Commission shall inform the implementing partner at least 30 days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.
The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted.

The related budget is under ENI/2018/041-138 (that covers GCDP first tranche), if necessary the Global Allocation will be used.

5.9. Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted.

The related budget is under ENI/2018/041-138 (that covers GCDP first tranche), if necessary the Global Allocation will be used.

5.10. Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission or the entrusted entity. Appropriate contractual obligations shall be included in, respectively, the financing agreement and contribution agreement.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

It is foreseen that communication and visibility services may be contracted during the operational implementation period. Indicatively, one or two contracts for visibility and communication activities might be concluded during the operational implementation period of this action. Following a pooling of fund approach for communication, the related budget is under several Decisions, including ENI/2018/041-137, ENI/2017/040-195 and ENI/2019/041-852.
## APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

<table>
<thead>
<tr>
<th>Results chain: Main expected results</th>
<th>Indicators</th>
<th>Baseline</th>
<th>Target</th>
<th>Sources of data</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Impact (Overall Objective)</strong></td>
<td>Access to self-sufficient, equitable, affordable and sustainable access to and safe water for all (SDG 6 and ROF I.1)</td>
<td>Percentage of population (segregated by sex) receiving safely managed drinking water services (EU RF 2.8)</td>
<td>Base line: 10% (M 50.75% and F 49.25% with Gaza Strip total population mid-2019 of 1.99 million)</td>
<td>Target: 100% (projected total population mid 2026 of 2.48 million)</td>
<td>Palestinian Central Bureau of Statistics (PCBS) WHO/UNICEF</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Level of water stress: freshwater withdrawal as a proportion of available freshwater resources</td>
<td>tbd</td>
<td>tbd</td>
<td>FAO AQUASTAT data.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of households capable of purchasing the safe water they need</td>
<td>tbd</td>
<td>tbd</td>
<td>To be explored</td>
</tr>
<tr>
<td><strong>Outcome(s) (Specific Objective(s))</strong></td>
<td>Outcome 1 Availability, quality and reliability of piped water supply services in Gaza improved (ROF OC 1)</td>
<td>Safe water available for Gaza Strip residents:</td>
<td>Base line: 15 l/c/d on average in Gaza Strip</td>
<td>Target: equal or exceeding 100 l/c/d by 2026 on average in Gaza Strip</td>
<td>PCBS quarterly indicators data</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Quantity of water available per capita</td>
<td>Base line: Cl ≥1000 mg/l weighted average in Gaza Strip</td>
<td>Target: Cl&lt;400mg/l weighted average in Gaza Strip</td>
<td>PWA's specific studies data</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- quality of water measured as Chloride per liter (Cl / Liter)</td>
<td>tbd</td>
<td>tbd</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- price of piped water (NIS/CM)</td>
<td>tbd</td>
<td>tbd</td>
<td></td>
</tr>
<tr>
<td>Outcome 2</td>
<td>Abstraction from the aquifer for domestic purposes</td>
<td>Base line: 88 million m³/y in 2019</td>
<td>Target: 40 million m³/y by 2026</td>
<td>PWA’s specific studies data</td>
<td>WSRC reports</td>
</tr>
<tr>
<td>------------</td>
<td>----------------------------------------------------</td>
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<td>-------------</td>
</tr>
<tr>
<td>Alleviated pressure on the aquifer</td>
<td>- Amount of water abstracted from the aquifer for drinking purpose</td>
<td></td>
<td></td>
<td>increased bulk water production in Gaza by 55 mcm/y by 2026</td>
<td>Other envisaged bulk water sources are made operational</td>
</tr>
<tr>
<td>Outputs</td>
<td>Adequate, reliable and safe bulk water supply to Gaza through the GCDP</td>
<td>Functional plant in place capable of producing 55 mcm/y of bulk water</td>
<td></td>
<td></td>
<td>Water supply system ensuring distribution of the bulk water is put in place</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Desalination Unit operational</td>
<td></td>
<td></td>
<td>Energy availability for the functioning of the plant and related system is ensured</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Energy generator gas / diesel &amp; RE component operational</td>
<td></td>
<td></td>
<td>Ability of PWA to operate in Gaza</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>The electricity supply in Gaza is sufficiently stable or improves from its current level</td>
</tr>
</tbody>
</table>
ANNEX 2
of the Commission Implementing Decision on the annual action programme for 2020 in favour of Palestine

Action Document for "Support productive investments in Palestine"

<table>
<thead>
<tr>
<th><strong>ANNUAL PROGRAMME</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.</td>
</tr>
</tbody>
</table>

| 1. Title/basic act/CRIS number | "Support productive investments in Palestine" CRIS number: ENI/2020/042-362 financed under the European Neighbourhood Instrument |
| 2. Zone benefiting from the action/location | Palestine The action shall be carried out at the following location: West Bank and Gaza Strip |
| 3. Programming document | European Joint Strategy in support of Palestine 2017-2020 – Towards a democratic and accountable Palestinian State² |
| 4. Sustainable Development Goals (SDGs) | SDG 2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture. SDG 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. SDG 11 Make cities and human settlements inclusive, safe, resilient and sustainable. SDG 12: Ensure sustainable consumption and production patterns. *Also contributing to:* SDG 1 End poverty in all its forms everywhere, SDG 5 Achieve gender equality and empower all women and girls, SDG 10 Reduce inequality within and among countries and, SDG 13 Take urgent action to combat climate change and its impacts |
| 5. Sector of intervention/thematic area | Pillar V - Sustainable Economic Development | DEV. Assistance: YES |

¹. This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

6. Amounts concerned

Total estimated cost: **EUR 26 490 000**
Total amount of European Union (EU) contribution EUR **22 800 000**.

**Component 1**: Assistance to Agriculture Programme (AAP)**: EUR **11 100 000**
This action is co-financed by the Palestinian Authority with an estimated amount of EUR 1 000 000 to cover the administrative, logistical and operational costs during the implementation phase.

**Component 2**: Realisation of the Area C Economic Potential: **EUR 11 400 000**
This component is co-financed with an estimated amount of EUR 2 690 000 of which: EUR 500 000 by the Coalition of Civil Society Organisations (CSOs) (sub-component 2.1), EUR 2 000 000 (sub-component 2.2) by the Palestinian Authority and 190 000 (sub-component 2.3) by Association of Palestinian Local Authorities (APLA).

7. Aid modality(ies) and implementation modality(ies)

**Project Modality**

**Component 1**: Assistance to Agriculture Programme (AAP):
- Direct management through:
  - PEGASE Direct Financial Support (DFS) mechanism;
  - Procurement.

**Component 2**: Realisation of the Area C Economic Potential:
- Grant ;
- Procurement.

*Indirect management with the Palestinian Authority.*

8 a) DAC code(s)

**Component 1**: Assistance to Agriculture Programme (AAP)
- 31120 – Agricultural development (50%)
- 31150 – Agricultural inputs (35%)
- 31110 – Agricultural policy and administrative management (15%)

**Component 2**: Realisation of the Area C Economic Potential
1. Land Development and Sustainable Agriculture Practices in Palestine in Area C
- 31130 – Agricultural land resources (60%)
- 31140 – Agricultural water resources (30%)
- 31181 – Agricultural education/training (10%)
2. Support to Palestinian Resilience in Area C through Sustainable Livestock Development
- 31163 – Livestock (60%)
- 31166 – Agricultural extension (15%)
- 31195 – Livestock/veterinary services (25%)

3. The AAP will be implemented in the Gaza Strip and West Bank, mainly Area C, using a unified approach.
### 2.3 Complementary support for Local Authorities (LAs) in Area C: Direct Management through grants.
15112 – Decentralisation and support to subnational government.

### b) Main Delivery Channel

<table>
<thead>
<tr>
<th>Component 1: Assistance to Agriculture Programme (AAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>12000 - Recipient Government</td>
</tr>
</tbody>
</table>

**Component 2: Realisation of the Area C Economic Potential**

- 2.1 Land Development and Sustainable Agriculture Practices in Palestine in Area C
  - 22000 - Donor country – based NGO
- 2.2 Support to Palestinian Resilience in Area C through Sustainable Livestock Development
  - 10000 - Public Sector Institution
  - 12000 - Recipient Government
- 2.3 Complementary support for Local Authorities (LAs), mainly Area C
  - 50000 - Others

### 9. Markers (from CRIS DAC form)

<table>
<thead>
<tr>
<th>General policy objective</th>
<th>Not targeted</th>
<th>Significant objective</th>
<th>Principal objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation development/good governance</td>
<td>☐</td>
<td>X</td>
<td>☐</td>
</tr>
<tr>
<td>Aid to environment</td>
<td>☐</td>
<td>X</td>
<td>☐</td>
</tr>
<tr>
<td>Gender equality and Women’s and Girl’s Empowerment</td>
<td>☐</td>
<td>X</td>
<td>☐</td>
</tr>
<tr>
<td>Trade Development</td>
<td>X</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Reproductive, Maternal, New born and child health</td>
<td>X</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RIO Convention markers</th>
<th>Not targeted</th>
<th>Significant objective</th>
<th>Principal objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biological diversity</td>
<td>X</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Combat desertification</td>
<td>☐</td>
<td>X</td>
<td>☐</td>
</tr>
<tr>
<td>Climate change mitigation</td>
<td>X</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Climate change adaptation</td>
<td>☐</td>
<td>X</td>
<td>☐</td>
</tr>
</tbody>
</table>

### 10. Global Public Goods and Challenges (GPGC) thematic flagships

Invest in people

### SUMMARY

4. When a marker is flagged as significant/principal objective, the action description should reflect an explicit intent to address the particular theme in the definition of objectives, results, activities and/or indicators (or of the performance / disbursement criteria, in the case of budget support).

5. Please check the Minimum Recommended Criteria for the Gender Marker and the Handbook on the OECD-DAC Gender Equality Policy Marker. If gender equality is not targeted, please provide explanation in section 4.5.Mainstreaming.
The proposed Action contributes to the implementation of Pillar V “Sustainable Economic Development” of the European Joint Strategy (EJS) in support of Palestine 2017-2020 “Towards a democratic and accountable Palestinian State”, through two specific components (areas of intervention). Expected outcomes relate to enhancing the economic resilience and independence of Palestine, employment and income generation for its citizens, especially the marginalised people in Area C and Gaza Strip, strengthening the PA institutional presence in the Gaza Strip and Area C and contributing to territorial interconnectivity in the West Bank.

**Component 1** will respond to the needs of the Palestinian farmers affected by the Israeli occupation both in the Gaza Strip and the West Bank, providing them with financial and technical resources to sustain and develop their agribusinesses, and aiming to revitalise their productive capacities. It capitalises on the successful experience of the ongoing PEGASE agriculture programmes, scaling it up to increase its impact notably in Gaza and Area C. The financial resource allocation will be 60% for Gaza Strip and 40% for the West Bank.

**Component 2** focuses on job creation and income generation in the agriculture and livestock sectors, while promoting the integration of Areas C, B and A. The component is articulated along three complementary interventions, designed to address coherently some of the multiple challenges facing rural communities, mainly in Area C.

Sub-component 2.1 will stimulate local production, economic growth and profitability by facilitating access to land, development of agricultural lands and water resources and the adoption of climate resilient practices. It will contribute to local CSO empowerment and introduce replicable and scalable solutions that could be further deployed.

Sub-component 2.2 will support the resilience of the Palestinian rural population, mostly in Area C, through livestock subsector development. The livestock subsector plays an important role as a source of steadfastness, livelihood resilience, economic growth, employment, food security and social stability. The intervention aims to have a multiplier effect on the Palestinian Authority programme for small ruminant development, especially in the southern areas of the West Bank.

Subcomponent 2.3 will support the Local Authorities (LAs), which form the backbone of public administration in Palestine and play an essential role in state-building, democratisation and local development. It will support the Association of Palestinian Local Authorities (APLA) to serve as vehicle for dialogue between the central government and the LAs, mainly in Area C where the EU is active with other interventions, aiming to promote local economic development and establishing fruitful linkages with private sector.
1 CONTEXT ANALYSIS

1.1 Context Description

Palestine is home to approximately 5 million people, of which 3 million are in the West Bank (including East Jerusalem) and 2 million are in the Gaza Strip. In addition, more than 620,000 Israeli settlers are living in the West Bank. 40% of Palestinians living in Palestine are considered refugees, and this goes up to 70% in the Gaza Strip. 47% of the population is under 17 years old and 71% of the population is younger than 30. Palestine is a Lower Middle Income Country, ranked 119 out of 189 countries in the 2018 Human Development Index, a drop of three places compared with 2016.6

Palestine is marked by the ongoing Palestinian-Israeli conflict, as well as by the disruption of over fifty years of occupation and the progressive fragmentation of its territory, including the de facto illegal annexation of East Jerusalem including settlements expansion in the city as well as on the other parts of the West Bank and control over the natural resources. The Oslo Accords, under which the Palestinian Authority (PA) was created in 1994, were intended to lead to a final negotiated settlement between the parties, a progressive withdrawal of Israeli presence and the transfer of responsibilities to the Palestinians, but over twenty-five years later, the PA, which operates as a transitional authority, has administrative, judicial and security jurisdiction7 in only 18% of the West Bank (Area A).

Area C is crucial for the two-state solution as it ensures contiguity of land in the West Bank and the space for Palestinian social and economic development. Area C represents over 60% of the West Bank and is inhabited by around 300,000 Palestinians living in approximately 540 communities, 283 of them entirely or mostly in Area C. The most abundant and important natural resources of the West Bank (grazing and agricultural land, water and mineral resources, and stones and marble quarries) are located in Area C. According to the World Bank, restrictions on economic activities in Area C are severely hampering Palestinian economic potential, as full access and unimpeded freedom of movement for Palestinians in Area C could result in a 35% GDP growth and an equivalent decline in unemployment8.

The economic situation in Gaza is particularly dire. The productive capacity of Gaza Strip has been eviscerated by three major military operations and a crippling thirteen-year air, sea and land closure, which almost completely deindustrialised the Strip. Since 2009, the agricultural related damages are assessed at around EUR 425 million in the Gaza Strip (and EUR 57 million in the West Bank)9. Exports virtually disappeared after the closure, and they continue to be a fraction of their pre-closure level. The internal political Palestinian divide, which has fragmented institutions and systems across occupied Palestinian territory, has exacted a heavy toll on Gaza’s economy as well. The private sector continues to face major constraints due to severe trade restrictions, complex crossing procedures, incurring repeated procedural delays and a double taxation system. Regarding agriculture, competitiveness of the private sector in Gaza is also debilitated by poor access to financing, weak support from public services, and a fragile political context which discourages investment. The PA

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7. Israel doesn’t respect the security jurisdiction of the Palestinian Authority in Area A.
continues to have a limited institutional and physical presence in the Gaza Strip. For example, the Ministry of Agriculture remains responsible for the provision of several services as well as planning and macro monitoring of different developmental projects funded by donors.

1.2 Policy Framework (Global, EU)

The action contributes to the aspirations set out in the EU Global Strategy to deepen partnerships with private sector as well as to the European Consensus on Development, which states that 'the EU and its Member States will help to create a more business-friendly environment in developing countries that respects international human rights standards and principles.'

The action will also contribute to the implementation of the EU Gender Action Plan 2016-2020 (GAP II) and in particular contribute to the achievement of the following thematic objectives: Objective 14: 'Access to decent work for women of all ages' and Objective 15: 'Equal access by women to financial services, productive resources including land, trade and entrepreneurship', as well as Objective 17 "Equal rights and ability for women to participate in policy and governance processes at all levels".

The action will contribute to the overall objectives set by the recently renewed ENP Action Plan and the Interim Association Agreement (IAA) on Trade and co-operation concluded between the EU and PLO in 1997. The latter governs the current trade and economic relations between the EU and Palestine, providing for duty-free, quota-free access to the EU market for Palestinian industrial, agri-food and fishery products. The action is, also, in line with the recommendations and operational conclusions of EU-Palestine sub-committee on Trade and Internal Market, Industry, Agriculture and Fisheries, Customs held during October 2019.

Furthermore, the action is line with the May 2012 Council Conclusions that developed, for the first time, a clear and comprehensive EU policy related to Area C, to be followed by a set of concrete steps and action. The conclusions stressed, inter alia, that “social and economic developments in Area C are of critical importance for the viability of a future Palestinian state, as Area C is its main land reserve” and noted that “the EU will continue to provide financial assistance for Palestinian development in Area C”.

The action also contributes to the overall objective for Pillar V (Sustainable Economic Development) of the European Joint Strategy in Support of Palestine 2017-2020 – Towards a democratic and accountable Palestinian State (EJS) to promote inclusive, sustainable, and private sector led development and equitable access to natural resources, paving the way to economic independence.

Eventually, this action is also in line with the review of modalities of EU engagement on the ground in support of a two-state solution.

10. In particular, the MoA co-ordinates with Israeli the operations related to relevant marketing and transport from Gaza Strip to the West Bank, and exports to Israel and other countries. It also co-ordinates the entry of agricultural inputs and supplies to the Gaza Strip. MoA oversees and controls the food safety conditions through granting the needed permits for importing of meat and fertilised eggs, management of veterinary vaccines and sending out the laboratory samples to the Israeli side for sophisticated testing.

11. The minutes of this sub-committee are not yet formally finalised and signed by both the PA and DG Trade.
1.3 Public Policy Analysis of the partner country/region

The Palestinian National Policy Agenda 2017-2022 Putting Citizens First (NPA) describes the strategic direction of the government in three pillars. Recently, the PA has launched a review of the NPA and respective sector strategies. The initial results of this review have revealed limited changes, where the core substance of both the NPA and the Agriculture Sector Strategy remains valid and included. This revision is expected to be finalised during March/April 2020.

The Agriculture Sector Strategy "Resilience and Sustainable Development" 2017-2022 contains two objectives to which the proposed action responds: "Female and male farmers’ resilience and steadfastness on their lands enhanced" and "Increased agricultural production, productivity, and competitiveness in local and international market, along with their contribution in gross domestic product and food security."

In 2019, the Palestinian Authority approved the Economic Clusters Plan which is a developmental plan capitalising on comparative advantages of specific geographic areas, providing tailored responses to constraints and promoting production and productivity using an interventional approach. The plan covers agriculture, industry, tourism and services clusters. The individual agricultural economic cluster plans are designed for three years. In July 2019, the PA launched the first agricultural economic cluster plan for Qalqiliya governorate with total value of USD 23.2 million with a financing gap of USD 8.9 million. The action will consider the agricultural cluster plans during the implementation phase. The selection criteria for beneficiaries and geographical areas to be targeted in the West Bank as well as the nature of activities to be implemented will explicitly include a reference to these plans.

The livestock subsector strategy 2015-2019\textsuperscript{12}, with its vision "A sustainable and productive livestock subsector that ... promotes resilience of the Palestinian breeders ...", underlines the bottlenecks and where the interventional actions are needed.


In accordance with the Area C Strategic Framework and Action Plan for 2018 and 2019, the PA priorities in Area C include: 1) provision of legal and advocacy efforts to strengthen Palestinian sovereignty in Area C; 2) increase the number and geographical coverage of village councils and local government units, strengthening their capacity and expanding their mandate to improve responsiveness and social cohesion; and 3) incorporate Area C in sustainable development. In 2019, the PA Prime Minister announcement to disregard the administrative classification of Areas (A,B,C) in West Bank suggests that the PA may extend its presence in Area C. Whilst the PA has started to integrate Area C in the individual sector strategies, the operationalisation of these changes in policy remains unclear.

\textsuperscript{12} The MoA is updating the livestock subsector strategy and it will be integrated in the Economic Agriculture Cluster Plan afterwards.
In October 2019, the Ministry of Agriculture signed a Memorandum of Understanding (MoU) with 14 Palestinian civil society organisations working in the agriculture sector. This MoU underlines the co-ordination and co-operation principles and mechanisms between the two parties including transparency, publicity and constructive criticism, and involving the targeted groups of farmers in the planning, implementation and evaluation of agricultural activities implemented or to be implemented. This MoU, also, entails to provide full support to the non-governmental institutions operating in the agricultural sector in all ways and means due to their important role at the political and development aspects.

Regarding national strategies on the Local Authorities (LA), the NPA’s government reform pillar recognises the need for more "Responsive Local Government". It envisages the following measures: (i) reform and restructure local government and its administrations; (ii) decentralise services to the Local Authorities; (iii) expand Las’ taxation, revenue-raising and resources management mandates; and (iv) develop an effective system of intergovernmental transfers and expand local economic development.

The unveiling of the US Plan, on 28 January 2020, has increased uncertainty for Area C, though it is too early to tell which direction the Palestinian reaction will go and whether this might impact the policy framework under which the EU works.

1.4 Stakeholder analysis

The direct beneficiaries of this action are mainly the disadvantaged Palestinian female and male citizens living in the West Bank, mainly Area C, and Gaza Strip (in particular farmers and livestock breeders). These farmers are marginalised with limited access to finance and technical and administrative services due to obstacles and barriers explained in section 1.1. One of the key strengths of the action is to mobilise a wide range of national, local, public, civil society and private sector actors under the umbrella of the Ministry of Agriculture (MoA). The preparation of this action has started with close co-operation with the MoA. These efforts were complemented by constructive dialogue with other stakeholders including potential implementing partners using a developmental cascade approach. This approach has contributed well to the design of the action including the mutual agreement of all stakeholders on its importance, relevance and mutual accountability to achieve its anticipated objectives.

From a national institutional point of view, these are the stakeholders of the action:

- The Ministry of Agriculture (MoA) gives the political and institutional umbrella for the development of the agricultural sector in Palestine including Area C and Gaza Strip, mainly through its local directorates present all over the occupied Palestinian territory. The MoA has shown solid ownership, willingness and leadership in the management of several EU funded projects. It currently implements successfully the ongoing programmes on Assistance to Agriculture in the West Bank – AAWB and Private Sector Reconstruction Gaza- Agriculture- PSRG-A. Locally, the MoA is developing the Breed Improvement Centre in partnership with the As Samou’ municipality to serve the southern parts of Hebron governorate. This Centre is expected to play a vital role in improving local breeds and increasing productivity of this livestock subsector.

- The Ministry of Local Government (MoLG) was established by the PA in 1994. Increasing the territorial administration under the PA’s autonomous control was among MoLG’s initial objectives, which resulted in creation of several new Local Government Units (LGUs). Priority areas for the Minister going forward are related mainly to develop and amend regulations relating to local government structure including election laws, a
legal framework will be created in line with business variables in the sector; to promote the concept of citizenship – rights and duties of the government and citizens; promote private-public-LGU partnership and develop a legal framework to regulate and ensure rights of all parties; to establish a lending mechanism through the Municipal Development and Lending Fund (MDLF) and promote the Local Economic Development (LED) among others. Community accountability will play a key role in the local government sector.

- Local Authorities are at the centre of the realisation of a sovereign, independent, democratic, contiguous and viable Palestinian state. As one of the oldest existing levels of public authority, local governments can be said to form the backbone of public administration within the Palestinian Authority. Today, 431 Local Government Units (LGUs) exist in total, out of which 151 are classified as municipalities (25 in Gaza Strip) and 280 as Village Councils mainly in Area C. At present, population size is the main determining factor distinguishing between these two layers of administration. Out of the 27 functional responsibilities specified by the Local Authorities Law of 1997 for LGUs, 80% of municipalities are providing fewer than 12 of the prescribed services. In addition, expenditure on capital investment is not regular and remains relatively small, failing to address the critical needs for service extensions and economic development in rapidly growing municipalities.

- The Palestinian Agricultural Disaster Risk Reduction and Insurance Fund (PADRRIF) is a semi-governmental organisation. Its integration into the implementation of AAWB and PSRG programmes was instrumental to facilitate the execution of the financial transactions to farmers jointly with Ministry of Finance and the disbursement of operational costs in Gaza Strip. It also allowed enhancing PADRRIF’s institutional capacity to fulfil its mandate in risk reduction and mitigation entrusted by the law. Furthermore, EUREP is going to capitalise on this engagement through supporting the building of the Palestinian Agricultural Insurance System and Services through twinning mechanism.

- The Palestinian Agriculture Credit Institute (PACI) is a semi-governmental organisation. It possesses the legal identity and capacity to participate in all the legal actions and acts in order to achieve its objectives in terms of the agricultural sector development to reduce poverty and unemployment among the farmers through providing credit for various agricultural projects. The integration of PACI to the Assistance to Agriculture Programme is assessed to be instrumental for ensuring the economic viability of the foreseen investments.

Other entities will play a key role in the implementation:

- The Association of Palestinian Local Authorities (APLA) is an independent organisation mandated to represent the LAs. It is a vehicle for dialogue between the central government and the LAs, particularly in those most vulnerable areas in West Bank, mainly in Area C. It needs reinforcement in order to have a more influential voice for LAs, promoting their interests and representing their needs. APLA is also a facilitator between LAs and private sector and could encourage microfinance institutions in providing small farmers and cooperatives with financing options.
The Palestinian Agricultural Institutions Coalition (PAIC) is formed by six experienced Palestinian Civil Society Organisations. The PAIC was formed mainly to leverage technical and advocacy capacities, and assets, and in particular to enhance resilience in Area C through an inclusive, sustainable and private sector led support to local livelihoods competitiveness. Working with the PAIC is assessed not only as a way to unveil the comparative technical advantage of each of its members (CSOs) to reach concrete results, but as well as a unique opportunity to establish and consolidate a capable interlocutor in terms of monitoring and influence the operationalisation of sector policies and the criteria for investment prioritisation, contributing to effective improvements in the livelihoods of vulnerable communities in Area C, and to the progress of the agriculture sector in general.

The private sector will also be informed, consulted and directly involved in all the different facets of the action. Indicative stakeholders include SMEs (producers, producer organisations, aggregators, processors, exporters, certification bodies, laboratories), the Palestinian Trade Centre (Paltrade), Federation of Palestinian Chambers of Commerce (FPCCIA), Palestinian Shippers’ Council (PSC), Palestinian Federation of Industries (PFI), Palestinian Business Association (PBA), and Business Women Forum (BWF).

1.5 Problem analysis/priority areas for support

The Action addresses several interrelated constraints holding back productive investments, mainly in agriculture, hampering the territorial contiguity of Palestine, in particular regarding Gaza Strip and Area C.

These constraints, affecting rights, livelihoods and general living conditions of the most vulnerable groups and areas, can be structured along three main cross cutting problems:

a) Restricted and fragmented Palestinian institutional presence and capacity. Both at central and local government levels, including the lack of conciliation between West Bank and Gaza and the imposed restrictions in Area C and the Gaza Strip closure. This has created difficulties to efficiently co-ordinate, implement and monitor the national and local actions and investment plans, mainly in the Gaza Strip and Area C. It also leads to a diffusion of efforts by civil society organisations, which implement ad-hoc initiatives with limited strategic vision and barely achieve their key social auditing role.

b) Limited availability of reliable and affordable financial and technical services. It is difficult for Palestinian farmers to access dedicated and reliable credit and insurance products, mainly due to the immature, but developing, national regulators, respectively PACI and PADRRIF, partially as a consequence of supplementary costs and increased risks either directly linked to Israeli occupation imposed rules and practices or to production and market risks. They also suffer from insufficient capacity and quality of extension and veterinarian services.

c) Insufficient secured and equitable access to land and water resources, arbitrarily controlled by Israeli authorities, and affected by increasing environmental pressure, including misuse and unsustainable abstraction from depleted/contaminated aquifers (in particular Gaza), farming practices and livestock management leading to soil degradation.

13. PAIC can work in the West Bank and Gaza Strip without limitation.
14. All members of PAIC had signed the above mentioned MoU, in section 1.3, with MoA on 17 October 2019.
and a continuous decline in fertility (physical and organic erosion), in a context of biodiversity loss and climate change uncertainty.

More generally, the business environment is insufficiently supporting agriculture-based livelihoods towards pro-poor business development; and it doesn't promote the attractiveness of the sector (especially among youth in vulnerable communities and rural contexts) within the deteriorating investment climate and failing job creation dynamics.

The key aspects for each outcome are hereafter presented by component:

**Component 1: Assistance to Agriculture Programme (AAP)**

The Palestinian agricultural sector frequently suffers from severe damage as a consequence of the detrimental effects of a wide range of risks, which can be roughly grouped in two classes: (1) political and institutional risks, and (2) market and production risks.

The main source of political and institutional risks is the Israeli occupation, especially the practices of the Israeli occupation in Area C, including restrictions on the movement of goods and people, land confiscation, separation wall construction and seizure of water sources and resources. It needs to be seen whether the US Plan and the therein contained annexation possibility of parts of Area C will increase risks. Since 2010, the agricultural related damages due to Israeli occupation, including settlers, have been assessed at EUR 57million\(^{15}\) in the West Bank, mainly in Area C.

In the Gaza Strip, Palestinians are still suffering from the consequences of the three Israeli military operations in 2009, 2012 and 2014. These operations destroyed considerable areas of agricultural lands, damaged the already weak agricultural infrastructure, and left farmers and all citizens of the Gaza Strip under closure. Added to these consequences are the seriously limited agricultural and potable water resources, and limited cultivated areas in Gaza Strip, where 2 million people live in 365 Km\(^2\). Since 2009, the agricultural related damages due to Israeli military operations are assessed at around EUR 425 million\(^{16}\). The farmers' lands along the Access Restricted Area (ARA) are a permanent target for the Israeli occupation practices, notably through spraying land/crops with herbicides from the air. Production\(^{17}\) and market\(^{18}\) risks are more influential on the Palestinian farmers in Gaza Strip due to imposed closure and limited PA institutional presence. These conditions have resulted in the exacerbation of the gradual process of de-development, leading to a severe contraction in household income as well as increasing dependency on external financial assistance.

The agricultural sector, dominated by individual farmers rather than companies, holds important economic potential should 1) the identified problems are tackled and 2) the farmers provided with adequate support for their productive investments.

Based on the experience gained under the ongoing PEGASE Agriculture (AAWB and PSRGA) Programmes, this programme is using a harmonised PA public mechanism for supervising and financing investments to farmers, where the EU financial resources will be

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17. Risks related to climatic events, such as drought, floods, low and high temperature, as well as, pests and diseases impacting both livestock and crop productions activities  
18. Risks are mainly comprised of exposure to price variability and lack of access to outlet markets caused by trade restrictions
channelled through the PA systems, with sufficient safeguards and control procedures, against the completion of small-medium agribusiness by the final beneficiaries. It constitutes one of the few available options to inject capital in the agri-food system, addressing the costs of credit, while providing a platform to consolidate a Palestinian institutional presence in less accessible areas and supporting farmers’ livelihoods, resilience and steadfastness on their lands. At the same time, it constitutes a learning process for key national institutions (e.g. PADRRIF and PACI) implementing future mechanisms of financial inclusion, while identifying the most suitable set-up for advancing the roll out of investment support through EU External Investment Plan.

In the light of annexation threats, this programme helps the duty-bearer's (PA) capacity to further respond through direct support to productive investments for sustaining vulnerable livelihoods, particularly with the Gaza Strip and Area C.

Component 2: Realisation of the Area C Economic Potential

a) Land development and sustainable agriculture practices in Area C

Despite the scarcity of land and shortage of water and the occupation constraints, agriculture is a significant source of employment, steadfastness, food security, resilience, economic growth and social stability. In order to promote the sustainable investment of small farmers in Area C, two key challenges need to be addressed:

1) technical and financial conditions for the introduction of agriculture practices adapted to climate change and rationalising the use of water, building on the extensive experience and knowledge, not yet systematised, of Palestinian NGOs; and

2) matching these practices with replicable/scalable solutions, adjusted to the capacities and interests of local stakeholders and aligned with concrete market opportunities, including existing options for financial products and future opportunities generated by the instruments supporting private investment (e.g. within EU EIP).

The intervention should be able to model the institutional arrangements providing the "economic enablers" for private investment in land development and sustainable agriculture practices in Area C.

b) Livestock based livelihoods and resilience in Area C

The livelihoods of the small livestock farmers in Area C are highly vulnerable and obstructed by both economic and political forces. Access to inputs is unstable; farmers face high prices of fodder and medicines, and limited access to grazing land and water. Besides, the prevalence of traditional agricultural practices and considerable geographical dispersion lead to more general problems of technical and financial management (low productivity, high mortality, "imposed" inputs and sales prices, poor control of the value chain processing and marketing phases) and limited access to key competitiveness factors, including certified genetic resources, extension and veterinarian services, market information and aggregation providers.

Nonetheless, the sector, particularly with respect to small ruminants (sheep and goats), constitute a credible opportunity for economic activity and empowerment in the West Bank. In order to properly address this complexity, a territorial integrated approach needs to be introduced, articulating stakeholders and promoting local complementarities and synergies, especially through reinforcing and refocusing the relevant public services, including technical, planning and monitoring functions, facilitating access to finance and stimulating public
private partnerships responding quickly and with flexibility to market opportunities for the small livestock holders.

c) Local Authorities and planning for LED, mainly Area C

LAs are critical for the delivery of key infrastructure and services, yet they struggle to meet their assigned functions due to: (i) sub-optimal revenue potential, (ii) weak budgetary practices, and (iii) administrative fragmentation. Out of the 27 functional responsibilities specified by the Local Government Act of 1997 for LAs, 80% of municipalities are providing fewer than 12 of the prescribed services. In addition, capital investment expenditures exhibit significant variability and remain relatively small, failing to address the critical needs for service extensions and economic development in rapidly growing municipalities.

In order to improve basic service delivery by LAs, resources for capital investments and operation, and maintenance for improved service delivery, need to be consolidated and sustained. The PA’s fiscal distress may continue, putting pressure to concentrate resources on national level priorities, which would deprive local authorities from the necessary budgetary space and further limiting local investments.

Therefore, the EU intends to support APLA to represent and lobby for the collective interest of the LAs, and serve as vehicle for dialogue between the central government and the LAs. The support will focus on the participatory implementation of the Strategic Plan 2019-2022 and is seen as an opportunity towards strengthening APLA’s institutional and operational capacities, in particular regarding its role in the economic components of local development processes removing the barriers that prevent the full participation of women in community and economic development and public life in the Local Authorities.

2 Risks and Assumptions

<table>
<thead>
<tr>
<th>Risks</th>
<th>Risk level (H/M/L)</th>
<th>Mitigating measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political risks including instability and conflict</td>
<td>M</td>
<td>Seek enhanced EU dialogue and relationship with Israel through advocating at the highest political level and ensuring regular contact at the local operational level... co-ordination with the Member States and partners through reacting jointly, for those using same approach, and ensuring regular exchange with development and humanitarian partners on ‘best practices’.</td>
</tr>
<tr>
<td>Land and water development aspects including agriculture related activities are subject to political</td>
<td>M/H</td>
<td>Use flexible structures to adapt to the changing environment, including halting activities in specific geographical areas until the security situation improves.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>For Area C:</strong> Adopting non-confrontational approach and adhering to no-harm principle to the...</td>
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[13]
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<thead>
<tr>
<th>Risks</th>
<th>Risk level (H/M/L)</th>
<th>Mitigating measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>threats including stoppage and demolitions/destruction.</td>
<td></td>
<td>Palestinian local communities and/or final beneficiaries; Engagement with Israel (enhanced EU engagement) to remove barriers to trade, private sector development, improving planning and access to land and resources in Area C; Increasing the advocacy actions in support of the implemented activities; Ensure regular dialogue at the local level with the Israeli authorities so to facilitate the implementation of EU funded investments and tackle any operational problems; Establishing effective channel of communication with the PA legal support services; Introducing prevention measures at the operational level by considering legal support, limit support to lands for which title/right to use is clear and documented (ownership and/or right to use the land) and educating the final beneficiaries about (i) expected threats and/or risks through awareness rising and (ii) reaction in case of incident and immediate reporting and; Inclusion of post risk/incident period measures including systematic reporting by the implementing partners and engagement of PA respective services to deal and lead the process through discussion with ISR authorities, in particular the PA Ministry of Civil Affair.</td>
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### Risks

<table>
<thead>
<tr>
<th>Risks</th>
<th>Risk level (H/M/L)</th>
<th>Mitigating measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulties in entering materials and equipment to the Gaza Strip.</td>
<td>M/H</td>
<td>Seek enhanced EU dialogue with Israel, to facilitate the entry of materials and equipment. Facilitate co-ordination between the PA and Israeli authorities.</td>
</tr>
<tr>
<td>Lack of capacity of the implementing agencies’ level.</td>
<td>L/M</td>
<td>Mitigated by including in the programme some key training, technical assistance and hands-on guidance, including on cross-cutting issues as gender, youth and climate.</td>
</tr>
<tr>
<td>Inability of the PA staff to work in Gaza Strip.</td>
<td>M</td>
<td>Dialogue with the PA to commit and pay the operational costs and the salaries of its civil servants. Use semi-governmental organisation as PADRIFF. When needed, use technical assistance services to facilitate and support the implementation.</td>
</tr>
<tr>
<td>Deterioration in access by the farmers and herders to Area C.</td>
<td>M</td>
<td>Seek for enhanced EU dialogue with PA and Israel.</td>
</tr>
</tbody>
</table>

### Assumptions

- PA is committed to implement its policies and strategies, notably regarding Agriculture sector, business environment and trade.
- Willingness of beneficiaries, notably male and female farmers, municipalities and private sector, to engage within the programme.
- APLA legitimacy to represent LAs and recognition of its role both by the PA and the LAs
- No further deterioration of the legal / regulatory environment stemming from Israeli legislative changes.

### 3 Lessons learnt and complementarity

#### 3.1 Lessons learnt

Support to inclusive sustainable economic development and to the Palestinian territorial contiguity, including Area C and Gaza Strip, necessarily includes 1) the **mobilisation of the private sector** financial and technical resources, providing the enabling elements of regulation and incentive, 2) **reinforcing the PA** institutional presence and capacities, gradually consolidating its effectiveness and public recognition, moving whenever possible

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19. Refer to chapter 5 for PA commitment letter for co-financing.
into a more proactive role, and 3) the **territorial articulation of different stakeholders** around a locally owned planning process, implemented with transparency and sound technical and economic criteria ensuring the inclusion of women and youth.

The PEGASE agriculture programmes are designed to operate based on PA administrative and financial systems. For three years, the programmes have enabled hundreds of farmers to receive financial support to reinstate their income losses as a result of damaged agribusinesses by the Israeli occupation practices, both in the West Bank and Gaza Strip. Some lessons learned were obtained and corrective measures have been implemented through gradual re-steering the overall approach from compensation scheme to a more developmental project approach.

The mid-term evaluation of the ongoing **PEGASE agriculture programmes**\(^{20}\) suggests the potential of this approach within a long-term strategy of the PA to simultaneously increase resilience and consolidate private sector competitive investment in agriculture. The new intervention expects to capitalise on progress made, and (i) target capacities of the farmers to operate sustainable agribusinesses with a multiplier effect on value chains and (ii) build a responsive governance structure\(^{21}\) towards more institutional continuity and territorial interconnectivity, giving the PA additional leverage in policy implementation in Area C and Gaza Strip.

Furthermore, working in the Gaza Strip confirmed and unveiled specific operational aspects that demonstrate the uniqueness of the context and surrounding working environment. These aspects are summarised as follows: (1) difficulties in cash transfers to farmers; (2) inaccessibility of banking system to the farmers; (3) double taxation system; (4) limited operational capacity (personnel and logistics) of the PA staff; and (5) lack of admissible and credible legal system.

On the other hand, the limited PA institutional presence, in Gaza Strip, was partially resolved thorough the integration of PADRRIF into implementation phase. Currently, the MoA personnel, in Gaza Strip, continue to receive incomplete salaries (50%), while they are requested to perform full time job. Apparently, this complexity needs a co-ordinated policy dialogue with the PA to be resolved. The needed support to productive investment to farmers, in Gaza Strip, seems to be ineffective without full engagement of PA personnel there.

Previous actions on enhancing **resilience in Area C** have shown that the involvement of private sector in previous programming was not sufficient. Despite the constraints for investment, there is space to introduce concessional financing, reducing the investment risk to acceptable levels and promoting innovation and sustainable paths for land and water use, and profitable livestock management. Regarding agriculture in Gaza Strip, effective lines of action for increasing productivity could include protecting/guaranteeing investment, together with stabilisation of inputs prices and active control on natural resource depletion. Finally, efforts in the past were hampered by an unclear definition of administrative and financial responsibilities in Area C and Gaza Strip, not conducive to a progressive regulation of the markets and the promotion of a business enabling environment.

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\(^{21}\) The concept design was finalised and approved by MoA early 2020.
The essential role of **LAs in local development** has been recognised and promoted by the Ministry of Local Government. Previous programmes supporting LAs demonstrated the key role of a transversal organisation such as APLA. However, APLA is not yet a sufficiently strong institution and its governance structure and relations with LAs/PA needs reinforcing and clarifying. Conflicts between large municipalities are another main obstacle preventing APLA from serving as a credible representative body and as a platform for greater cooperation and mutual support between LAs.

The mid-term evaluation of the ongoing **EU Area C Development Programme** has underlined three basic roles that define the responsibilities of virtually all local communities that also have a special significance in terms of economic development: First, the most traditional role as service provider which entails routine operational functions; second, the regulator role which has increased in importance with the establishment of more private sector enterprises; and third, the role as a catalyst entailing the creation of an appropriate environment for economic development.

### 3.2 Complementarity, synergy and donor co-ordination

The proposed Action will assure complementarity and synergies with key projects/programmes, among others:

**In the agriculture sector:**
- The implementation of part of the action in the Gaza Strip is going to complement and synergise what the MoA is implementing with resources from other donors, such as the Kuwaiti fund. This action brings an additional EUR 12 million to the agriculture sector in the Gaza Strip, complementing the ongoing programme (PSRG-A).
- Reform and Development of Markets, Value Chains and Producers’ Organizations, the Multi-Donor Agribusiness Programme (MAP), implemented by FAO.
- Agricultural water management; support to sustainable income generation and productive capacities for small producers and women producers in Gaza; and strengthening women's economic co-operative network in Gaza, funded by AECID.
- The agricultural value chain development programme funded by SDC and implemented by a consortium of NGOs led by OXFAM IT in Gaza Strip.
- Relevant regional projects, particularly the on-going "Water and Environment Support for the Neighbourhood South Region (WES)" and the related "Demonstration Projects on Efficient Use of Water".

**For private sector development**
- The EIB potential blending project with the Palestine Investment Fund (PIF), constituting the National Agricultural Investment Company (NAIC), aiming at equity investments in agriculture, agribusiness and agro-industrial companies and projects in West Bank and Gaza Strip.
- Within the EIP roll out, dedicated guarantee mechanisms and technical assistance should be available in Palestine from 2021, providing a wider framework to scale-up productive investment and job creation along the agriculture value chains.

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In the local governance sector:

- Thematic Programme CSO-LA; under the Multiannual Programme 2015-2017 where 8 contracts were signed aimed to enhance Palestinian Local Authorities’ contribution to governance and development processes in Area C. It is the tester of pilot actions promoting local development through territorial approach (Territorial Approach to Local Development – TALD) are being implementing through these contracts. Furthermore, Enabel is also financed other 3 contracts and providing technical assistance through the Area Resilience Development Initiative (ARD).

To ensure complementarity of the action’s different interventions, a common **Steering Committee** involving the PA and the key stakeholders will be set up.

The ongoing **PEGASE Agriculture both programmes (AAWB and PSRG-A)** are channelled through a designated PA programme based on a database for recording the assessed incurred individual damages called the Damage Assessment Database (DAD). As the DAD is also recording the financial assistance received from other sources, either donors or governmental parties, synergies and co-ordination are ensured and facilitated.

This programme under this action will be implemented based on a unified Administrative Framework using a responsive good governance structure. This Framework includes pre-identified criteria agreed upon with the EU to select beneficiaries and the distribution of funds. This mechanism could be used by the PA effectively to complement other interventions in the agricultural sector through steering the funds to certain geographical areas and financing specific type and nature of investment.

Regarding the **livestock component**, MoA is finalising the basic infrastructure for a small ruminant breed improvement centre in partnership with As Samou’ Municipality, serving the southern part of West Bank. This action, stimulating livestock investments from small farmers and private sector in southern Hebron, gives the opportunity to integrate and complement other initiatives. Potential synergies are with the EU co-funded wastewater treatment plant in southern Hebron where its water reuse scheme could be used in the production of forage crops utilised as animal feed.

The design of the **land and water development** activities entails close co-ordination with the MoA in the view of approved agricultural cluster plan, and to ensure synergies and co-ordination with governmental and donors interventions within the National Investment Plan for Food and Nutrition Security. Further complementarities can be attained with the GIZ Programme strengthening sustainable livelihoods in Rural Areas of the West Bank, including South Hebron Area C, particularly when it comes to water resources for the production of forage.

**APLA** is supported through different projects, including of some EU Member States, in particular Belgium through the Local Governance Reform and Development Programme (LGRDP) but also Denmark and Germany through GIZ. A co-ordination table under APLA’s leadership will be set up to better co-ordinate and complement the different support to the implementation of the APLA’s Strategic Plan.
4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

The overall objective (impact) of the action is to promote inclusive sustainable socioeconomic development contributing to the strengthening of the PA institutional presence in the Gaza Strip and Area C and to the territorial interconnectivity in the West Bank.

The specific objectives (outcomes) are:

Component 1: Assistance to Agriculture Programme (AAP)

Outcome 1: Revitalise the productive capacities of the Palestinian farmers in the West Bank and Gaza Strip.

Component 2: Realisation of the Area C Economic Potential

This component focuses on job creation and income generation for both women and men in the agriculture, livestock sectors and potentials for local economic development. It targets Area C looking at the interdependence between and integration of Areas C, B and A.

The component is articulated along three highly complementary interventions, designed to address coherently the multiple challenges facing Area C communities.

Outcome 2: Enable inclusive socio-economic development with sustainable management of natural resources in Area C.

Outcome 3: Improve the economic conditions and resilience of livestock herders’ communities in the southeast of West Bank.

Outcome 4: Strengthen the capacities of LAs in providing services, promoting local participatory development and contributing to territorial integration, mainly in Area C.

The expected outputs and indicative activities, per outcome, are:

Outcome 1: Revitalise the productive capacities of the Palestinian farmers in the West Bank and Gaza Strip.

Output 1.1: Reinstated and enhanced production capacities of the targeted farmers.

Activities include, but not limited to, the verification of related incurred damage values, verification of business plans (agribusinesses) viability that have been prepared with technical support of the MoA personnel, ex-ante and ex-post payments control.

The nature of agribusinesses activities may include, but limited to, the following:

a) Rehabilitation of land (including levelling, grading, retaining walls, cleaning up pollution).

b) Construction and refurbishment of farming infrastructure, including fencing.

c) Re-construction of irrigation & water supply systems.


d) Acquisition of agricultural supplies (such as pesticides, fungicides, livestock, planting materials, seed, seedlings, tools, machines, and dairy, nursery, hatchery and aquaculture equipment).


e) Rehabilitation of damaged water wells.

Outcome 2: Enable inclusive socio-economic development with sustainable management of natural resources in Area C
**Output 2.1:** Promoted local ownership and empowerment within a territorial approach.

**Output 2.2:** Land and water management replicable and scalable solutions introduced.

**Output 2.3:** Reinforced capacity to influence public policies and investment prioritisation.

**Activities** may include, as indicative examples, but are not limited to, land rehabilitation, smart climate change adaptation measures, utilisation of watershed management system and water harvesting techniques, cistern construction, rehabilitation of agricultural roads, installation of integrated irrigation systems and on grid solar units for water wells, rehabilitation of earth pools, creation of bio-gas units, drafting gender sensitive legal guidelines and providing awareness sessions on land rights bearing in mind the gender dimension of land ownership, establishing/empowering water users committees for irrigation, training on management and marketing skills, provision of agricultural vocational education services and conducting applied training courses, surveys.

**Outcome 3:** Improve the economic conditions and resilience of livestock herders’ communities in the southeast of the West Bank

**Output 3.1:** Small ruminant’s breeds improved with increased productivity and performance of livestock subsector.

**Output 3.2:** Improved livestock subsector enabling environment.

**Output 3.3:** Profitability of the livestock breeding thanks to improved veterinarian services, quality of breed and dietary techniques increases for the small as well as for the larger farms.

**Activities** include, but not limited to, completion of Al Samou Station (e.g. equipment, laboratories, and genetic bank) and reinforcement of its capacities (breed improvement techniques and dietary knowledge, installation of vet care unit); establishment of specialised farm for rams and mothers and experimental modern community farms; facilitate partnership between local communities and the private sector; establishment of grazing reservation, irrigation systems for forages, and pastoral nursery; implement a surveillance and animal identification system; capacity building for disadvantaged small farmers, private sector and local CSOs on modern farm management, including access to credit and insurance services, and animal feed techniques.

**Outcome 4:** Strengthen the capacities of LAs in providing services, promoting local participatory development and contributing to territorial integration, mainly in Area C

**Output 4.1:** Strengthened institutional and operational capacities of APLA

**Output 4.2:** Enhanced capacities of LAs to provide better services and access services to all citizens, women and men.

**Output 4.3:** Interest and needs of the LAs lobbied and advocated locally and internationally

**Activities** include, but not limited to, gender responsive technical assistance/capacity building, trainings, guidelines and tool development for LAs awareness and networking events, group/networking building among the LAs, with special emphasis in women and youth.
4.2 Intervention Logic

The proposed intervention logic assumes as valid the "interrelated constraints" to economic growth and institutional contiguity and territorial interconnectivity described in the problem analysis, and endorses a pragmatic approach to seize identified opportunities to address them, namely the direct capitalisation of active and disadvantaged farmers, the synergies between territorial planning and sustainable use of resources in vulnerable areas. Furthermore, it recognises the importance of targeting the identified constraints from different angles of intervention through promoting operational complementarities and facilitating the institutional articulation to be jointly considered.

The implicit theory of change in the component "Assistance to Agriculture Programme" is that improving the business environment will promote the attractiveness of the agriculture sector towards inclusive sustainable economic development as a potential pathway, within the current circumstances, for revitalising the production capacities of the targeted farmers and enhancing institutional integration and presence in the Gaza Strip and Area C. It is assumed that the policy and institutional environment are not degraded further to cater to the needs of the farmers - the PA political willingness to work in Gaza Strip and Area C including securing the needed personnel and operational costs as well as the closure on Gaza Strip will not be extremely worsened. However, unilateral imposition by Israel on movement and access to water and land resources as well as increased inability of the PA staff to work in Gaza Strip and Area C could challenge and foil the achievement of the programme outcome and hence its intended contribution to the overall impact. Seeking an enhanced EU dialogue with Israel and PA could serve a sound mitigation measure for this risk.

The ongoing PEGASE agriculture programmes have been successfully responding to the needs of farmers, delivering solid results such as good PA leadership, solid implementation modalities and - especially in Gaza Strip and Area C - the possibility to inject resources in the economy with a long-term development perspective. This intervention follows the same logic linking institutional presence and support to investment with the revitalisation of productive capacities, by: (i) reinforcing the support to Area C and Gaza Strip through inducing gradual institutional change at the PA side and (ii) direct financing of sustainable agribusinesses investments. Improving the production capacities of the farmers will increase the value of the agriculture sector production and hence increase its contribution to GDP and giving the PA the leverage to increase its physical and institutional sovereignty over Area C and Gaza Strip, contributing to Palestinian territorial contiguity and interconnectivity.

The intervention component Realisation of the Area C Economic Potential, with its three sub-components, is included in the PA policy and strategic planning documents, touching multiple dimensions of socio-economic development (decentralisation, local planning, social infrastructures and services, resilience, land and water use, food security), but is this time particularly focused on feasible alternatives to boost existing economic opportunities. This component of the intervention proposes a multi-pronged approach to engaging different stakeholders, assuming their complementarity and potential synergies over a specific territory, including local authorities, civil society organisations, private sector (producers, retailers, and service providers), public extension services and dissemination centres, and local organisations in general. A comprehensive aggregated measurement of the three outcomes (2, 23.

23. The AAP will be implemented in the Gaza Strip and West Bank, mainly Area C, using a unified approach following same modality.
3 and 4) in this component should match the impact level variables (food security, population trends, poverty rates) for the specific targeted regions in Area C.

The first sub-component, Land development and sustainable agriculture practices in Area C, with a technical profile built from previous interventions where sustainable water and land solutions were profusely tested and validated, introduces new elements regarding the capacity to influence and support public policy implementation and the adoption of a territorial approach. The argument is that these elements were missing drivers in the quality, sustainability and replicability of traditional top-down ad-hoc support, and can complete the classic technology transfer/demonstration logic into an effective and scalable model for local rural development, which institutionalises participatory processes leading to effective public-private arrangements. We believe that a coalition of main Palestinian NGOs can lead this effort with success, as they bring together for the first time the technical experience, resources and political weight sufficient to manage the complexity of this multi-stakeholder process without losing the focus on the concrete opportunities benefiting the most vulnerable groups. Under these assumptions, and within the current constraints in Area C, a successful outcome joining inclusive socio-economic progress and sustainable management of natural resources, should be achieved if the intervention is capable to deliver and articulate three results covering local ownership and empowerment, identification of replicable and scalable technical options for water and land use, and an increased capacity to influence the design and local operationalisation of public policies.

The second subcomponent, Livestock based livelihoods and resilience in Area C, keeps an eye on the economic opportunities, trying to address the problematics of vulnerable livelihoods based on small ruminants, normally managed in semi-intensive or extensive livestock production models. Despite being typically localised in remoted areas and/or within marginalised communities, these systems have considerable margin to improve technically and to move inside a consolidated value chain, generating more profits and stable income for the producers, which constitutes a basic condition for improving their living conditions and resilience in the territory. In this sense, the intervention expects to simultaneously guarantee an enabling environment that mobilises and articulates public and private service providers and investors, and directly support efforts to tackle chronic technical and sanitary issues within the responsibility of public agriculture and veterinarian services, in particular concerning genetic quality and certification, disease control, feeding practices and grazing management. The sustainability of these results should rely, as in the previous sub-component, on the local ownership and synergies generated among stakeholders, a transparent prioritisation of investments and the rationalisation of public services, including technical, planning and monitoring functions.

The last sub-component, Local Authorities and planning for LED, mainly Area C, aims at a more horizontal outcome, strengthening Local Governance capacities with a focus on being a proactive catalyst for economic development, regulator with the establishment of more private sector enterprises and territorial integration, and potentially providing a key support to the local authorities engaged in the previous Area C sub-components, e.g. as a facilitator of the dialogue with the central government bodies. It prioritises as well the continuation of previous initiatives supporting the implementation of APLA's strategic plan 2019-22, on the assumption that local authorities are a central element of any meaningful development process, including its political, social and economic dimensions, and in sustaining the possibility of a contiguous Palestinian territory.
4.3 Mainstreaming

Component 1: Assistance to Agriculture Programme (AAP)

For PEGASE Agriculture, all cross cutting issues will be integrated into the design of the programme regulatory administrative framework that articulates the selection of beneficiaries, roles and responsibilities of all stakeholders and the characteristics of the agribusinesses to be implemented.

The programme is going to target female and male farmers to revitalise their production capacities by operating sustainable agribusinesses with a multiplier effect on value chains. It is going to be implemented using a gender responsive governance structure. The targeted beneficiaries are those suffered from occupation practices. The intervention will empower rights holders (farmers) and strengthen the capacity of a duty bearer (PA).

Explicit attention on the inclusion of women among the targeted beneficiaries, based on the statistics of the incurred damage, will be included within the programme's regulatory administrative framework and selection criteria, avoiding unfairness. A minimum percentage of the funds should be allocated to female beneficiaries.

This programme is going to finance investments of small-medium sized agribusinesses, implemented either by individuals or groups of farmers where the technical design of the agribusiness investments must consider and mitigate potential adverse impacts on the environment and possible climate change adaptation measures, if needed, and hence they will be evaluated/selected considering environmental criteria. This task will be firstly implemented by the technical personnel of the MoA and other concerned PA institutions based on domain of expertise.

Component 2.1: Land Development and Sustainable Agriculture Practices in Palestine in Area C

The component design will integrate key mainstream priorities, starting from a rights based approach delimiting the exact areas of concern and purpose for explicit groups of rights holders and duty bearers, and ensuring an open space for wide access and participation of marginalized groups and individuals (women, youth, elderly, persons with disabilities, minorities such as Bedouin communities); including as well main aspects regarding the thematic areas of intervention. In particular, a focus on opportunities to mitigate negative impact (with a strong emphasis on soil conservation, protection of biodiversity and rational use of water) and promote opportunities for environment and climate change adaptation and mitigation, within the sustainable production and consumption framework and the green economy agenda, and addressing the gender specifics of rural women context.

Component 2.2: Support to Palestinian Resilience in Area C through Sustainable Livestock Development

A participatory approach will inform on the design of all the activities of this action, in coordination with respective local stakeholders from MoA, concerned local authorities, representatives of small herders / Bedouin communities and private sector, aligned with good governance practices. While environmental sustainability is at the core of this component (e.g. through the use of treated wastewater to produce animal fodder or the improvements on animal and land management) there is also an opportunity to align with climate adaptation and mitigation elements, within the Palestine NDC framework. Aiming to increase profitability for small farmers in vulnerable communities through higher productivity and reduced costs, the component will simultaneously address the particular challenges related to the beneficiaries'
resilience and the conflict sensitivity of the activities in Area C, in order to effectively promote the presence and integration of Palestinian social and economic activities throughout the West Bank.

Gender equality throughout the action will be targeted by awareness raising activities and advanced discussions among the most vulnerable groups including women. The action will develop sex-disaggregated data, and promote an appropriate outreach and engagement of women among the targeted communities.

Component 2.3: Complementary support for Local Authorities (LAs)

In line with the Durban Political Declaration (November, 2019) the local level is key "to reshape the governance systems into more participatory, accountable and transparent ones", therefore supporting the local government regulatory framework and share good practices among LAs (not only in Palestine) through APLA is in line with the good governance principles.

Gender and youth have been highlighted as two key issues in the local governance sector reform. In particular, APLA will work on gender and disability mainstreaming practices providing tools to the LAs to ensure that the principles of gender equality and non-discrimination are integrated into its policy, legislative drafting and related planning and budgeting processes. Furthermore, the action should contribute to removing barriers that prevent the full participation of persons with disabilities (PwDs) in community and economic development and public life.

4.4 Contribution to Sustainable Development Goals (SDGs)

This intervention is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture, as well as to SDG8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; SDG 11 Make cities and human settlements inclusive, safe, resilient and sustainable; and SDG 12: Ensure sustainable consumption and production patterns. Also contributing to SDG 1 End poverty in all its forms everywhere, SDG 5 Achieve gender equality and empower all women and girls, SDG 10 Reduce inequality within and among countries and SDG 13 Take urgent action to combat climate change and its impacts.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission’s responsible authorising officer by amending this Decision and the relevant contracts and agreements.
5.3 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.

Component 1: Assistance to Agriculture Programme
Direct Management through PEGASE Direct Financial Support

The legal basis for using PEGASE Direct Financial Support (DFS) having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures of the implementation of the Union's instruments for financing external action and in particular Article 2(1) thereof, whereas in the event of unforeseen and duly justified needs or circumstances, and when funding is not possible from more appropriate sources, the Commission may adopt special measures not provided for in the indicative programming documents, including measures to ease the transition from emergency aid to long-term development operations or measures to better prepare people to deal with recurring crises.

The amount allocated under PEGASE DFS is EUR 10 400 000 for the implementation of the Assistance to Agriculture Programme (AAP). Financial support to eligible beneficiaries under this component will be delivered through the PEGASE DFS mechanism, building on the experience of the ongoing AAWB and PSRG-A programme's methodology (ENPI/2012/23844) where an electronic verification and control system will be used accordingly.

Direct management will be applied for PEGASE Direct Financial Support (Component 1). It will be implemented by the Commission through the Office of the European Union Representative to the West Bank and Gaza Strip (EUREP), located in East Jerusalem, in close co-ordination with the Palestinian Authority and the EU Member States who may join and contribute to the Programme either through the signature of an agreement with the Palestinian Authority or through the contribution to the general budget of the European Union.

Disbursements will be made by the Commission through specific sub-accounts of the Palestinian Authority's Single-Treasury Account, following eligibility checks and verification as well as control procedures by external experts and international audit firms.

A Memorandum of Understanding (MoU) will be concluded between the EU and the PA. This MoU will define the common framework of the implementation modalities for channelling contributions through the PEGASE mechanism to support the AAP. The MoU, also, is going to define the details of the financial mechanism and the payments system applicable for the

24. www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.
disbursement of funds as well as the terms agreed between the Commission and the PA for the selection of eligible beneficiaries to receive the contributions made available via PEGASE.

5.3.1 Grants (direct management)

5.3.1.1 Component 2.1: Land Development and Sustainable Agriculture Practices in Palestine in Area C

Direct Management – grants

(a) Purpose of the grant(s)

The grant will contribute to enhance resilience in Area C through an inclusive, sustainable and private sector led support to local livelihoods competitiveness through

- reclamation/rehabilitation of unused/fallow/grazing land with scalable "pilot" initiatives
- water demand management activities to ensure its availability (i.e. via community facilities, harvesting, treatment and efficient use and reduction of water losses)
- addressing potable water issues mainly within targeted communities in line with Area C Water Master Plan 2017-2035
- supporting the legal services and vocational training "market oriented" related to agriculture context in Area C.

(b) Justification of a direct grant

Under the responsibility of the Commission’s authorising officer responsible, the grant may be awarded without a call for proposals to a coalition of non-governmental organisations to be selected using the following criteria: i) having a wide and consolidated technical expertise in land development and sustainable agriculture practices in Area C; ii) be able to provide the institutional resources and political leverage for consistently engage and monitor the Sector policy dialogue; and, in this sense, iii) being recognized by the Ministry of Agriculture as a valid interlocutor representing a relevant group of Palestinian civil society organizations directly involved in the Sector.

Under the responsibility of the Commission’s authorising officer responsible, the recourse to an award of a grant without a call for proposals as per art 195 of the FR is justified because the country is in a crisis situation referred to in Article 2(21) FR at the date of the financing Decision.

5.3.1.2 Component 2.3: Complementary support for Local Authorities (LAs)

Direct Management – grants

(a) Purpose of the grant(s)

The grant will contribute to the strengthening of the capacities of LAs to collaborate in providing services, promoting local economic development and contributing to territorial integration, mainly in Area C.

(b) Justification of a direct grant

Under the responsibility of the Commission’s authorising officer responsible, the grant may be awarded without a call for proposals to a local authority to be selected using the following criteria: (i) public sector operator; (ii) recognised by the national law; (iii) mandated to represent and lobby for the collective interest of Local Authorities; (iii) capable to provide capacity building to the Local Authorities, facilitating exchange of knowledge and best practices among them; (iv) serve as vehicle for dialogue between the central government and the local government.

Under the responsibility of the Commission’s authorising officer responsible, the recourse to an award of a grant without a call for proposals as per art 195 of the FR is justified because the country is in a crisis situation referred to in Article 2(21) FR at the date of the financing Decision26.

5.3.2 Procurement (direct management)

The procurement component will contribute to achieve the specific outcome and output under the following components, as defined in par 4 above:

Component 1: The objective of the procurement is to provide technical assistance to support the implementation of the Assistance to Agriculture Programme, notably to provide EUREP with assurance about the implementation of activities, eligibility checks and verification as well as control procedures by external experts and international audit firms. While, the objective of the procurement contracts, is to provide the needed/essential items, equipment and furniture to the Palestinian Authority personnel involved in the programme implementation.

Component 2.2 (refer to Article 5.3.3 below): The objective of this procurement is to provide the needed technical assistance and capacity building activities to the Palestinian Authority including Ministry of Agriculture.

5.3.3 Indirect management with the partner country

Component 2.2: Support to Palestinian Resilience in Area C through Sustainable Livestock Development

Indirect management with the Palestinian Authority

A part of this action with the objective of improving the economic conditions and resilience of livestock herders’ communities in the southeast of the West Bank may be implemented in indirect management with the Palestinian Authority (through MoA) according to the following modalities:

- The Palestinian Authority will act as the contracting authority for the procurement and grant procedures. The Commission will control ex-ante all the procurement and grant procedures.

26 DG NEAR Director General in his note, Ares(2019)4085754, of 27 June 2019 or subsequent announced declarations.
- Payments are executed by the Commission.
- The Palestinian Authority shall apply the Commission’s rules on procurement and grants. These rules will be laid down in the financing agreement to be concluded with the Palestinian Authority.

**5.3.4 Changes from indirect to direct management mode due to exceptional circumstances**

The alternative implementation modality in direct management regarding component 2.2 "Support to Palestinian Resilience in Area C through Sustainable Livestock Development" (Article 5.3.3) will be implemented through same procedure described under Article 5.3.1.1 mentioned above (Direct management- grant).

**5.4 Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

**5.5 Indicative budget**

<table>
<thead>
<tr>
<th>Component 1: Assistance to Agriculture Programme: 11 100 000</th>
<th>EU contribution (amount in EUR)</th>
<th>Indicative third party contribution, in currency identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct management through PEGASE Direct Financial Support (DFS) mechanism</td>
<td>10 400 000</td>
<td>EUR 1 000 000²⁸</td>
</tr>
<tr>
<td>Procurement (Technical assistance and support to the implementation of Assistance to Agriculture Programme, section 5.3.2)</td>
<td>500 000</td>
<td></td>
</tr>
<tr>
<td>Supply of essential supplies, equipment, items and furniture to support the implementation of Assistance to Agriculture Programme, section 5.3.2</td>
<td>200 000</td>
<td></td>
</tr>
</tbody>
</table>

²⁷. This action may receive contributions from other donors in the future. The indicative third party contributions included below will not be received by the Commission and will be contributed directly into the implementation.

²⁸. PA/MoA commitment letter dated 09/01/2020.
Component 2: Realisation of the Area C Economic Potential: 11 400 000

| Direct management through grant- section 5.3.1.1 | 4 000 000 | 500 000 |
| 2.2 Support to Palestinian Resilience in Area C through Sustainable Livestock Development |
| Indirect management with the Palestinian Authority–section 5.3.3 | 5 000 000 | 2 000 000²⁹ |
| Technical Assistance to Ministry of Agriculture – section 5.3.2 | 500 000 |
| Direct management through grant- section 5.3.1.2 | 1 900 000 | 190 000 |
| Procurement (total envelop) | 1 200 000 |
| Grants (total envelop) | 5 900 000 | 690 000³⁰ |
| Evaluation (cf. section 5.8) | 150 000 | N.A. |
| Audit/Expenditure verification (cf. section 5.9) | |
| Communication and visibility (cf. section 5.10) | 80 000 | N.A. |
| Contingencies | 70 000 | N.A. |
| Total | 22 800 000 | 3 690 000 |

5.6 Organisational set-up and responsibilities

A Steering Committee (SC) will oversee the implementation of the whole action. The SC will steer and approve the strategic and policy dimensions of the action. It will discuss and review Action progress and take any needed corrective measures. The Steering Committee will be composed of the PA/MoA, EU and implementing partners as well as any other entity or donors to be mutually agreed-upon as this action may include/receive contributions from other donors.

Component 1: Assistance to Agriculture Programme (AAP)

The programme will be implemented based on an Administrative Framework (AF) built on good governance structure. This AF will ensure the division of labour between the PA and EU as well as define the roles and responsibilities of each stakeholder involved in the implementation of the programme.

²⁹ PA/MoA commitment letter dated 09/01/2020.
³⁰ Foreseen contribution by grant beneficiaries.
Component 2: Realisation of the Area C Economic Potential

2.1 Land Development and Sustainable Agriculture Practices in Palestine in Area C
The grant(s) beneficiary(ies) will be required to design the action consulting the widest array of relevant stakeholders. Their roles will be accordingly reflected either at the level of implementation, or of the programme governance, or both, be their role of primary or secondary stakeholder. Project governance will rest within the forum of the Action Steering Committee.

2.2 Support to Palestinian Resilience in Area C through Sustainable Livestock Development
The Ministry of Finance of the Palestinian Authority will be the Contracting Authority for all contracts/tenders managed under indirect management mode. The Ministry of Agriculture will be either the Project Manager (Services, Supplies, and Grants) or Supervisor (Works). MoA is responsible for the overall management and monitoring of the intervention and hence to submit semi-annual report about the progress of the project for the attention of the EUREP. Project governance will rest within the forum of the Action Steering Committee.

2.3 Complementary support for Local Authorities (LAs), mainly in Area C
A Technical Steering Committee (TSC) will oversee the implementation of this support. The TSC will steer and approve the strategic, policy dimensions and work plans of the project. Furthermore, it might be involved in the evaluation of the project. It will be composed by APLA, EU and others donors' representatives supporting APLA. MoLG, Local Authorities and members of the Civil Society might be invited to participate as observers.

5.7 Performance and Results monitoring and reporting
The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Logframe matrix (for project modality) or the partner’s strategy, policy or reform action plan list (for budget support).

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

Reports shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).
5.8 Evaluation

Having regard to the nature of the action, mid-term and/or final/ex-post evaluation(s) will be carried out for this action or its components via independent consultants contracted by the Commission.

Mid-term evaluation might be carried out for learning purposes, in particular with respect to re-steer the implementation phase as well as to be considered for potential launching of a second phase of the action.

The final or ex-post evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that this action is targeting politically important geographical areas under the framework of EU political agenda.

The Commission shall inform the implementing partner at least 15 days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted during the operational implementation period or the closure phase of this action.

Financial experts and qualified auditors will be involved in the implementation of PEGASE DFS programme under component 1. Advanced monitoring, control and audit systems are set up for all of PEGASE DFS programmes.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries and/or entrusted entities.
Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Indicatively, one or two contract for visibility and communication activities might be concluded during the operational implementation period of this Action.
## APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

<table>
<thead>
<tr>
<th>Impact (Overall Objective)</th>
<th>Results chain: Main expected results (maximum 10)</th>
<th>Indicators (at least one indicator per expected result)</th>
<th>Baselines*1 (incl. reference year)</th>
<th>Targets*2 (incl. reference year)</th>
<th>Sources of data</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>To promote inclusive sustainable socioeconomic development contributing to the strengthening of the PA institutional presence in the Gaza Strip and Area C and to the territorial interconnectivity in the West Bank.</td>
<td>Indicator 1: Percent of the contribution of the agriculture sector to the GDP Indicator 2: % of food insecurity household for Palestinians living in Area C and Gaza Strip by sex Indicator 3: Population in Area C Indicator 4: % of families living in extreme poverty rate in Gaza Strip</td>
<td>1) 7.6% (2016) 2) 68.5% (2018) 3) 315,189 (2017) 4) 53% (2017)</td>
<td>tbd</td>
<td>PCBS reports MoA Reports Evaluation reports</td>
<td>Not applicable</td>
<td></td>
</tr>
</tbody>
</table>

### Outcome(s) (Specific Objective(s))

| Outcome 1: Revitalise the productive capacities of the Palestinian farmers in the West Bank and Gaza Strip | Indicator 1.1: # of individuals in the agriculture, fishing and forestry sector of Palestine by sex 33 Indicator 1.2: additional value of the production to the agriculture sector Indicator 1.3: % decline in the animal diseases Indicator 1.4: number of additional direct jobs created for female and male farmers | 1.1) Male 58,100, Female 13,900 (2018) 1.2) 0 (2020) 1.3) tbd (2019) 1.4) 0 (2020) | 1.1) tbd (2025) 1.2) + $ 30 million (2025) 1.3)15% decrease (2025) 1.4) + 500 Male + 130 female (2025) | MoA annual monitoring reports Final evaluation report PCBS reports Laboratory examination reports | The PA ability to work in Gaza Strip and Area C The closure on Gaza Strip will not be drastically worsened |

| Outcome 2: Enable inclusive socioeconomic development with sustainable management of natural resources in Area C | Indicator 2.1: # of non-direct beneficiary farmers/ dunums applying smart climate change adaptation practices by sex Indicator 2.2: number of successful initiatives replicated by vulnerable farmers by sex | 2.1) 0 (2020) 2.2) 0 (2020) | 2.1) 40,000 dunums (2025) 2.2) 50 (2025) | Project M&E system Local stakeholders registries |

---

*1 Values will be determined and updated at the inception period.

*2 Values will be determined and updated at the inception period.

*3 The indicator cannot be broken down since it is one indicator as per MoA/PCBS records. However, during the action implementation phase, reporting is going to tackle this dimension.
<table>
<thead>
<tr>
<th>Results chain: Main expected results (maximum 10)</th>
<th>Indicators (at least one indicator per expected result)</th>
<th>Baselines(^{25}) (incl. reference year)</th>
<th>Targets(^{25}) (incl. reference year)</th>
<th>Sources of data</th>
<th>Assumption</th>
</tr>
</thead>
</table>
| **Outcome 3:** Improve the economic conditions and resilience of livestock herders’ communities in the southeast of West Bank | Indicator 3.1: % of food insecure households in the targeted areas, disaggregated by sex  
Indicator 3.2: Income of targeted beneficiaries (and % above poverty line), disaggregated by sex  
Indicator 3.3: # herders living in Area C  
Indicator 3.4: # relevant available services and adequate regulatory frameworks in the field of livestock | tbd | tbd | Socio-economic and Food Security Survey  
Reports from the Ministry of Agriculture (MOA)  
Statistical reports from PCBS  
Project final, monitoring and evaluation reports | Closer and institutionalized co-operation between MoA, local authorities and other stakeholders |
| **Outcome 4:** Strengthen the capacities of LAs to collaborate in providing services, promoting local participatory development and contributing to territorial integration, mainly in Area C | Indicator 4.1: Improved satisfaction rate of citizens related to key LAs services, disaggregated by sex  
Indicator 4.2: Enhanced regulatory framework and application of good practices among LAs  
Indicator 4.3: Number of LAs measures developed to ensure women's access to services | OC 4.1.2 tbd  
OC 4.2.1: 4 Thematic hubs created (2019)  
OC 4.3.2 tbd | OC 4.1.2 tbd  
OC 4.2.1: 10 Thematic hubs created (2024)  
OC 4.3.2 tbd | Official Gazette  
APLA's annual report  
APLA's financial audits  
MoLG & MDLF reports | Maintain good and collaborative relationship with MoLG and MDLF |
| **Outputs** | Indicator 1.1.1: # completed agribusinesses of individual farmers or groups  
Indicator 1.1.2: Area of new cultivated land with vegetables, fruits and trees  
Indicator 1.1.3: Quantity of animal production  
Indicator 1.1.4: Quantity of additional water supply for irrigation | 1) 1500 (2020)  
2) 0 (2020)  
3) 0 (2020)  
4) 0 (2020)  
1) + 400 (2025)  
2) tbd(2025)  
3) tbd(2025)  
4) tbd(2025) | MoA monitoring reports  
Final verification for the completion of the agribusinesses – Ex-ante audit payment reports | PA staff able to work in Gaza Strip and Area C without additional obstacles  
PA fulfill obligations under the programme administrative regulatory framework, |

[34]
<table>
<thead>
<tr>
<th>Results chain: Main expected results (maximum 10)</th>
<th>Indicators (at least one indicator per expected result)</th>
<th>Baselines$^{2\text{a}}$ (incl. reference year)</th>
<th>Targets$^{2\text{a}}$ (incl. reference year)</th>
<th>Sources of data</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| Output 2.1: Promoted local ownership and empowerment within a territorial approach  
Output 2.2: Land and water management replicable and scalable solutions introduced  
Output 2.3: Reinforced capacity to influence public policies and investment prioritization | Indicator 2.1.1: # of locally prioritized investments by different sources of funds/capital  
Indicator 2.2.1: # dunums of *smart* land reclamation  
Indicator 2.2.2: # dunums (re)converted to sustainable irrigation practices  
Indicator 2.2.3: # km of rural roads maintained  
Indicator 2.3.1: # of amendments to relevant policies, plans of action and investments plans  
Indicator 2.3.2: PAIC’s lobbying and advocacy actions planned and implemented in a harmonized manner | 2.1.1) 0 (2020)  
2.2.1) 0 (2020)  
2.2.2) 0 (2020)  
2.2.3) tbd (2020)  
2.3.1) 0 (2020)  
2.3.2) 0 (2020) | 2.1.1) 15 (2025)  
2.2.1) 700 (2025)  
2.2.2) 300 (2025)  
2.2.3) 100 (2025)  
2.3.1) 23 (2025)  
2.3.2) tbd | Project M&E system  
Local stakeholders registries | including personnel and other operational costs |
<table>
<thead>
<tr>
<th>Output 3.1: Small ruminant’s breeds improved with increased productivity and performance of livestock subsector</th>
<th>Indicator 3.1.1: Mortality and twin rates for small ruminants</th>
<th>Baselines</th>
<th>Targets</th>
<th>Sources of data</th>
<th>Assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator 3.2.1: # (and value) of investments by small herders and private sector</td>
<td></td>
<td></td>
<td>tbd</td>
<td>Reports from Vet syndicates, Statistical reports from PCBS, Reports from MoA, Project monitoring and evaluation reports, Reports from PMA/MFIs</td>
<td>Access for herders/farmers to area C without additional constraints, Destruction and harassment by the settlers, Willingness of the small herders and private sector to adopt new breeds</td>
</tr>
<tr>
<td>Indicator 3.2.2: Increase in the fodder production and decrease of its cost under collective management or in partnership with private sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator 3.2.3: # of MOUs signed between, CSOs, MFIs and private sector entities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator 3.3.1: Increase in disease control rate of both sheep and goats</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator 3.3.2: Percentage increase in red meat and milk per animal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output 4.1: Strengthened institutional and operational capacities of APLA</th>
<th>Indicator 4.1.1: Local authorities contributed with its membership fees</th>
<th>Baselines</th>
<th>Targets</th>
<th>Sources of data</th>
<th>Assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator 4.1.2: Fees collections among municipalities</td>
<td>2016: 0%, 2018: 45%, 2019: 60%</td>
<td>2023: 100%</td>
<td>Official Gazette, APLA's annual report, APLA's financial audits, LA's budgets</td>
<td>APLA will be concentrated on key activities that yield results, with high visibility among local members and the international donor community</td>
<td></td>
</tr>
<tr>
<td>Indicator 4.1.3: Fiscal sustainability strategy in place</td>
<td>2019: ND</td>
<td>2022: Strategy being implemented</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator 4.2.1: # gender sensitive budgets developed in LAs</td>
<td>2020: 0</td>
<td>2024: 50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator 4.2.2: # reviewed/developed bi laws at local level</td>
<td>2020: 19</td>
<td>2024: 30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Results chain: Main expected results (maximum 10)</td>
<td>Indicators (at least one indicator per expected result)</td>
<td>Baselines(^\star) (incl. reference year)</td>
<td>Targets(^\star) (incl. reference year)</td>
<td>Sources of data</td>
<td>Assumptions</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>--------------------------------------------------------</td>
<td>---------------------------------</td>
<td>---------------------------------</td>
<td>----------------</td>
<td>------------</td>
</tr>
</tbody>
</table>
| **Indicator 4.3.1:** # establish partnerships with relevant institutions  
**Indicator 4.3.2:** # signed MoU or/and twining agreements with national and international LAs | 2019: 2  
2019: 2 | 2024: 10  
2024: 10 | 2024: 10 | | |

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ANNEX 3
of the Commission Implementing Decision on the annual action programme for 2020 in favour of Palestine¹

Action Document 'Palestinian Youth Empowerment Programme'

ANNUAL PROGRAMME
This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

| 1. Title/basic act/CRIS number | Palestinian Youth Empowerment Programme  
CRIS number: ENI/2020/042-371  
financed under the European Neighbourhood Instrument |
|---------------------------------|-------------------------------------------------------------------------------------------------------------|
| 2. Zone benefiting from the action/location | Palestine  
The action shall be carried out at the following location: West Bank and Gaza Strip |
| 3. Programming document | European Joint Strategy in support of Palestine 2017-2020 – Towards a democratic and accountable Palestinian State² |

¹. This designation shall not be construed as recognition of a State of Palestine and is without prejudice to individual positions of the Member States on this issue.

The main Sustainable Development Goals are: 4, 8, 10 and 16:

➢ SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all;
➢ SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;
➢ SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels;
➢ SDG 10: Reduce inequality within and among countries.

Other significant SDGs are 17 and 5:

➢ SDGs 17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development;
➢ SDG 5: Achieve gender equality and empower all women and girls.

<table>
<thead>
<tr>
<th>5. Sector of intervention/thematic area</th>
<th>Youth</th>
<th>DEV. Assistance: YES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4. Sustainable Development Goals (SDGs)</strong></td>
<td>The main Sustainable Development Goals are: 4, 8, 10 and 16:</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6. Amounts concerned</th>
<th>Total estimated cost: EUR 1 040 000</th>
<th>Total amount of European Union (EU) contribution: <strong>EUR 9 000 000</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Other resources:</td>
<td>EUR 1 400 000</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7. Aid modality(ies) and implementation modality(ies)</th>
<th>Project Modality</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct management through: Grants</td>
</tr>
<tr>
<td></td>
<td>Indirect management with the entrusted entities to be selected in accordance with the criteria set out in section 5.4.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>8 a) DAC code(s)</th>
<th>15150 - Democratic participation and civil society</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15160 - Human rights</td>
</tr>
<tr>
<td></td>
<td>16010 - Social protection</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>b) Main Delivery Channel</th>
<th>Project Modality</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct management through grants</td>
</tr>
<tr>
<td></td>
<td>Indirect management with entrusted entities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>9. Markers (from CRIS DAC form)</th>
<th>General policy objective</th>
<th>Not targeted</th>
<th>Significant objective</th>
<th>Principal objective</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Participation development/good governance</td>
<td>☐</td>
<td>☐</td>
<td>x</td>
</tr>
<tr>
<td></td>
<td>Aid to environment</td>
<td>☑</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Gender equality and Women’s and Girl’s Empowerment</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Development</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reproductive, Maternal, New born and child health</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>RIO Convention markers</strong></td>
<td>Not targeted</td>
<td>Significant objective</td>
<td>Principal objective</td>
<td></td>
</tr>
<tr>
<td>Biological diversity</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Combat desertification</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Climate change mitigation</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Climate change adaptation</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 10. Global Public Goods and Challenges (GPGC) thematic flagships

| Investing in People / Human Development |

**SUMMARY**

One third of the Palestinian population comprises young people aged 15-29 years that, despite being highly educated, suffer from a very high and constantly rising unemployment rate and continue to be side-lined to the periphery of decision-making structures.

The two components of this action will be implemented in direct management through direct grant and indirect management with entrusted entities to be selected in accordance with the criteria set out in section 5.4.4.

Specific Objective 1: The Action aims to encourage much needed youth economic empowerment facilitating a stronger connection between skilled youth/promising entrepreneurs and the private sector (employers/investors). Through employability and entrepreneurship skills development programmes, university and vocational students and young entrepreneurs, will be equipped with the knowledge, skills, attitude and on the job training required to become more employable or self-employed. To address the increased vulnerability of youth due to the global COVID-19 pandemic, approaches that promptly contribute to income generation will be explored.

Specific Objective 2: The economic empowerment of youth will serve not only as a mean to reduce youth vulnerability but also as enabling factor to promote youth socio-economic engagement in the society. This will be complemented through leadership programmes tailored for youth civic engagement, supporting youth and youth civil society organisations and networks to effectively engage with decision makers, thus making sure that marginalised and vulnerable young men and women are also represented and their voices heard.

Youth has been reconfirmed by the Prime Minister as well as in the update of the Palestinian National Policy Agenda 2017-22 as a priority and both components have been requested by the Prime Minister's Office.
1. CONTEXT ANALYSIS

1.1. Context Description

Palestine is home to 5 million people, of which 3 million in the West Bank (including East Jerusalem) and 2 million in the Gaza Strip. In addition, more than 620,000 Israeli settlers live in the West Bank. 40% of Palestinians living in Palestine are refugees. This figure goes up to 70% in the Gaza Strip. 47% of the population is under 17 years old and 71% of the population is younger than 30. Palestine is a Lower Middle Income Country, ranked 119 out of 189 countries in the 2018 Human Development Index, a drop of three places compared with 2016.

Palestine is marked by the ongoing Palestinian-Israeli conflict, as well as by the disruption of over fifty years of occupation and the progressive fragmentation of its territory, including the illegal annexation of East Jerusalem. There is no ongoing peace process and no realistic perspective of the resumption of peace talks. In parallel, Palestine faces growing governance challenges, also due to the internal political, administrative, legislative and judicial division between the West Bank and Gaza that followed the last general elections of January 2006, the fall of the Gaza Strip under de facto control of Hamas in 2007, and the consequent suspension of the Palestinian Legislative Council (PLC). In 2014, Palestine became party to seven core Human Rights conventions, accepting the ensuing legal obligations without any reservations.

Palestine has a large number of young people due to a significant natural population growth of around 2.8% yearly. According to the latest data, one-third of the Palestinian population comprises young people aged 15-29 years (29.2% of the total population, equivalent to around 1.37 million individuals, with a sex ratio of 105 males per 100 females), over half of whom live in Area C, near to the wall and settlements.

A general rise in education levels has been accompanied by a rise in unemployment rates, especially among graduates. In 2018, 37% of youth (18-29 years) were enrolled in education, and the percentage of the youth (18-29 years) who have a bachelor degree or above increased from 11% in 2007 to about 17%, with a higher increase recorded by female (22% versus 13% for males). The unemployment rate among youth (18-29 years) in Palestine reached 45% (36% among males and 70% among females) in 2018, compared with 37% in 2008 (36% among males and 43% among females). This is mainly due to the negative impact of the occupation that has resulted in an impaired Palestinian private sector, a dampened investment atmosphere and de-development of many sectors of the economy.

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3. PCBS National census data 2018, with a male/female ratio of 104/100.
5. The seven core Human Rights conventions are: International Covenant on Civil and Political Rights (ICCPR); International Covenant on Economic, Social and Cultural Rights (ICESCR); International Convention on the Elimination of All Forms of Racial Discrimination (ICERD); Convention on the Elimination of All Forms of Discrimination against Women (CEDAW); Convention against Torture and Other Cruel Inhuman or Degrading Treatment or Punishment (CAT); Convention on the Rights of the Child (CRC); Convention on the Protection of the Rights of Persons with Disabilities (CRPD). All entered into force in 2014.
6. Youth profiling is carried out by the PCBS through census, statistical surveys and specifically the Palestinian Youth Survey, last was carried out in 2015 and next is planned for 2023 and youth is nationally defined as young people from 15 until 29 years of age while PCBS usually considers the 18-29 age bracket.
Half of the youth (18-29 years) are not in employment, education or training (41% in the West Bank compared with 63% in Gaza Strip and 35% for males and 65% for females). By age 15, nearly 25% of boys and 7% of girls have dropped out of school\textsuperscript{10}. More than half of the youth (18-29 years) in Gaza Strip are poor (57%) of which 36% suffer from extreme poverty, compared to 13% and 6% for extreme poverty in the West Bank.

Access to and the quality of healthcare in the Palestinian territory is extremely dependent on the geographic context, varying widely between Areas A, B, and C in the West Bank, East Jerusalem, and the Gaza Strip, and adolescent and youth health concerns are rarely addressed such as sexual and reproductive health, psychosocial support, youth-friendly health centres, and the prevalence of unhealthy coping mechanisms\textsuperscript{11}. Gender-based violence incidence with domestic violence, as high as 37% in the West Bank and 58.1% in Gaza\textsuperscript{12}, is also exacerbated by the lack of effective SRHR. There are limited protection or prevention services in Palestine, with a weak referral system in place, no law criminalising marital, domestic or familial violence and strong cultural stigmatisation towards women suffering marital violence.

The gender gap continues to be wide in Palestine due to the persisting Palestinian patriarchal society that restrains women's social, political, and economic rights and exposes them to different forms of violence\textsuperscript{13}. Young females are particularly vulnerable. In 2017, 10.8% of women aged 20-24 were married under the age of 18\textsuperscript{14}. This considerable gender inequality is further reflected in female youth daily average wage, which is about 68% of the male youth wage. About one fourth of the youth (18-29 years) tried to establish a business\textsuperscript{15} (17% in the West Bank compared to 34% in Gaza Strip) of which 33% were males compared to only 14% of females.

Youth with disabilities (3.1% of the total youth population) are particularly disadvantaged in the labour force and education. Access to healthcare and rehabilitation services is currently limited if not non-existent in many areas\textsuperscript{16}. Girls with disabilities are often disproportionately vulnerable to violence, exploitation and abuse from the community and within the family.

Despite being highly educated, young people continue to be side-lined to the periphery of decision-making structures, with no official representation in any policy making process, apart from few fragmented youth consultation initiatives. The Palestinian public and government still perceive adolescents as recipients rather than social actors or partners in decision-making. As 2018 data shows, less than 1% of the Palestinian youth work in decision-making positions, while 19% of youth are currently involved in volunteerism and community work. There is a widely disavowed democratic deficit in the Palestinian territories, and most young people (under the age of 29) have never participated in a Palestinian national election. The political split between political parties has significantly contributed to decreasing youth participation within their communities and escalated their disenfranchisement with any participation\textsuperscript{17}.

\textsuperscript{11} Youth in Palestine, UNFPA, 2017.
\textsuperscript{12} Palestine Violence Survey, PCBS, 2011 (A new PCBS 2019 Violence Survey has been carried out but not published yet).
\textsuperscript{13} Gender Country Profile for Palestine, 2018, EU.
\textsuperscript{14} PCBS, 2018.
\textsuperscript{15} Palestinian Youth Survey, PCBS, 2015.
\textsuperscript{16} UNFPA, 2017.
\textsuperscript{17} UNFPA, 2017.
1.2. Policy Framework (Global, EU)

The action contributes to the aspiration set out in the EU Youth Strategy 2018-2027 and is in line with the European Consensus on Development (2017) and the 2015 Review of the European Neighbourhood Policy, all recognising Youth as a strategic cross cutting element key to stabilising societies.

The action will also contribute to the implementation of the EU Gender Action Plan 2016-2020 (GAP II) and in particular contribute to the achievement of the following two thematic objectives: Objective 14: 'Access to decent work for women of all ages' and Objective 15: 'Equal access by women to financial services, productive resources including land, trade and entrepreneurship'.

At the local level, the action is also aligned with the European Joint Strategy in Support of Palestine 2017-2020 (EJS) in which Youth represents a cross-cutting policy priority that should increasingly feature in our public policy and programme design. The EJS focuses in particular on the needs of children/youth (including with disabilities), as one of the most vulnerable groups, especially in relation to protection and violence issues. Finally, within the Results-Oriented Framework 2018-2020, the action contributes specifically to two youth-relevant outcomes: (i) ‘Palestinian youth have better access to economic opportunities and enjoy improved economic conditions’, and (ii) ‘Participation of Palestinian youth in civil and political life is increased’.

1.3. Public Policy Analysis of the partner country/region

The Palestinian Authority's National Policy Agenda 2017-2022 Putting Citizens First (NPA) contains the National Youth Strategy in Palestine "Our Youth, Our Future 2017-2022" (under the pillar Sustainable Development) that identifies 3 main priorities: (i) Empower and equip Palestine’s youth to participate meaningfully in public life and state building; (ii) Ensure that our youth are provided with opportunities for a successful future and (iii) Place a particular focus on assisting disadvantaged youth. These priorities have been reaffirmed during the recent mid-term review of the NPA.

An action plan to implement the strategy has not yet been agreed upon. Roles and responsibilities of each relevant ministry are still somehow unclear and no specific targets have been set to measure progress and monitoring impact. Nevertheless, several ministries such as the Ministry of Education, the Ministry of Higher Education and Scientific Research and the Ministry of Labour, have expressed interest, at political and technical level, in improving their youth mainstreaming capacities, both in terms of analysis and investment in dedicated programmes. The Prime Minister has recognised the need to better invest in the young generations and prioritise youth support confirming that youth is one of the main priorities of the new government.

Throughout 2019 and with ILO's support, the PA has been also developing a new National Employment Strategy which will be finalised in April 2020.

In 2014, following the accession to the seven core Human Rights treaties the PA released its 'Guidance Document on Integrating Human Rights in the Palestinian Development Plan', with a view to integrating human rights in all sectors of the NPA by promoting a rights-based development. In particular, signing the Child Rights Convention (CRC), the CRC Optional Protocol, Convention on the Rights of Persons with Disabilities (CRPD) and Convention on
the Elimination of all Forms of Discrimination against Women (CEDAW) are positive step of the Palestinian Authority toward ensuring the rights of Palestinian children/youth and girls/young women are safeguarded.

1.4. Stakeholder analysis

The proposed action requires the involvement of a wide range of national, local and international stakeholders for co-ordination, advocacy, planning and policy-making towards a coherent methodology and practice to unveil the latent potential of Palestinian youth in contributing to socio-economic development of their country. During the identification phase of the action consultations were held with main stakeholders including PA, UN agencies, CSOs and the private sector. The below stakeholders were identified and will contribute to the achievement of both specific objectives of the action, as youth economic empowerment is perceived as an objective in itself but also as a mean to achieve higher level of youth participation in the society and in decision making processes.

Institutional stakeholders identified include:

- the Prime Minister’s Office, with an overreaching role across line ministries, as the Prime Minister has recently confirmed the Youth is one of the main priorities of the current government strategy across all sectors, evidenced also by the recent update of the Palestinian National Policy Agenda;

- Ministry of Education, the Ministry of Higher Education and Scientific Research and the Ministry of Labour, as the key ministries responsible for employment policies and main service providers in the academic and TVET sectors, namely Vocational Secondary Schools and Technical Colleges are under the supervision of Ministry of Higher Education and Vocational Training Centres under the Ministry of Labour.

- the Ministry of Social Development, as leading national institution in social protection;

- the Higher Council for Youth and Sport, as leading institution in the development and implementation of the National Youth Strategy; and

- other selected line ministries such as the Ministry of Local Development and the Ministry of Empowerment and Entrepreneurship. The latter was newly established in mid-2019 and its capacities are yet to be defined despite a good level of involvement and interest shown in in the field of youth entrepreneurship.

These institutional stakeholders have a specific role to play in both the mainstreaming of youth, in terms of strategic planning and development of youth friendly policies in close consultation with young people themselves, and the implementation of youth programmes and the delivery of youth services.

Civil society and particularly youth organisations have voiced the longing to effectively influence decision making, beyond a few ad hoc consultations with small groups of young people. Youth organisations/associations offer authentic youth leadership as opposed to mere youth involvement, irreplaceably playing the role of watchdogs and demanding accountability from duty-bearers. In the context of protracted violent conflict, youth organisations are closely connected to their communities, and are able to engage marginalised youth, fulfilling youth rights for safe, supportive, positive relationships. There are a large number of youth-led organisations in Palestine and existing Youth Volunteers Networks, both instrumental for the implementation of the youth agenda in the country. For example, the Y-PEER Palestine, a youth volunteer network founded in 2013, has reached more than 3500 young people in
country and continues to successfully work on advocating and training young people on sexual reproductive health and rights and gender.

**Academic institutions and TVET centres** have a central role to equip young people with skills for employability and economic empowerment, address the limited access of youth to employment services and to respond to labour market demands and requirements. Nevertheless, fragmentation, especially of the TVET sector is a key area of concern. TVET services are currently carried out by several actors, including the above mentioned ministries, private institutions, international organisations (UNRWA for refugees), and NGOs (representing 50% of all TVET courses and programmes)\(^1\). The absence of centralised planning and governance among these actors has resulted in overlaps and gaps in the TVET system and a lack of strong private sector involvement in the drafting of curricula and in the supply of training and learning through apprenticeships, thus offering many opportunities for improvement also in light of renewed recent commitment from the government in reforming TVET governance structures.

**The private sector is a pivotal stakeholder** in contributing to the economic empowerment of youth, but the current inadequacy between the mainstream education and the needs of the labour market has prevented the private sector to access the potential that a young labour force can provide. At the national level, there is no single organisation that represents employers, and the involvement of the Federation of Chambers of Commerce and Industry, the Palestinian Federation of Industry, despite their active engagement and interest in youth employability programmes, is not systematic. Thus, building the much needed partnership between the private sector and the education institutions (universities and vocational training institutions), will be key in the development of the action. During consultations, the private sector has proved to be very interested in investing in better tailored training for fresh graduates, as this will address a concrete need of businesses for qualified and skilled employees. Partnership with the private sector will also be pivotal in fostering youth entrepreneurship. There are around 20 incubators and accelerators available to support startups in Palestine, providing mentorship and networking office space and administrative support, including small amounts of seed investment, but efforts are needed to improve the quality of these services especially in terms of network connections to attract investors. Financing for startups and SMEs is becoming increasingly more available from institutional investors like the Bank of Palestine and the Palestinian Investment Fund, accompanied by a nascent ecosystem of venture capital firms (e.g. Ibtikar) and angel investors. But all this funding remains limited and hard to access, particularly for startups at an early stage and at the same time financiers often complain about weak demand and the low quality of projects\(^1\).

**The main target group and direct beneficiaries, as right holders, are the Palestinian youth 15 to 29 years of age**, as per the definition adopted by the national authorities, from all areas of Palestine (West Bank, including East Jerusalem and Area C, and Gaza), with a special emphasis on equity and inclusion of vulnerable youth in terms of gender, people with disabilities and marginalised communities.

### 1.5. Problem analysis/priority areas for support

Key issues, as identified in section 1.1, and also confirmed by Palestinian youth themselves through consultations, focus on: deprivation of basic human rights and services, disability and

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\(^1\) Governance and Employability in the Mediterranean, ETF, 2014.

\(^1\) World Bank, 2019.
gender discrimination, poor access and participation to decision-making, high youth unemployment, mainly due to the inadequacy of the education system to effectively prepare youth for the labour market.  

1. The current economic challenges for youth pose an important obstacle to effective participation of young women and men in public life and in decision-making. For youth living in a vulnerable and fragile context such as Palestine, economic empowerment is closely interlinked with progress in many other areas of life and facilitates access to civic engagement. Unemployment is now at the highest point in two decades, disproportionately affecting young people and women, especially graduates. In particular, Gaza records the highest unemployment rate, reaching a staggering 78% of graduated youth and with a participation of men in the labour force about four times higher than women. Despite high levels of education, Palestinian youth seriously struggle in accessing the already few opportunities offered by the labour market. Employment services are widely limited in mainstream education in universities and even more so in Vocational Training Centres. Besides, Palestinian society still believes that students who enrol in vocational stream are simply incapable of enrolling in university education, thus perpetuating stigmatisation of the sector, which by contrast provides the higher number of employment opportunities. In the last years, a number of incubators, accelerators and co-working spaces have started operating in the country, but efforts are fragmented and initiatives are mainly driven by local Community Based Organisations, instead of the private sector. Despite the political context and the related constraints, meetings with stakeholders highlighted the urgent need to develop a reciprocal relationship between educational institutions and the private sector, involving professionals from the private sector informing education and training, as well as guaranteeing on-the-job experience of training programmes for young people to acquire labour market relevant skills. This should be accompanied by tailored support to foster youth entrepreneurial skills and self-employment enabling innovative entrepreneurship initiatives. Employment and entrepreneurial programmes must be designed according to the specific needs of young women and men, aiming to remove barriers to female employment (physical and cultural) and address women’s specific needs.

2. Over the past few years, there has been growing recognition by decision-makers, at various levels of the political and social establishment, that Palestinian young women and men need a greater voice. Youth are not represented in any national decision-making structure. Only at the local government structures have there been some examples where youth have been elected as part of local councils, thus efforts remain fragmented. Consultation with youth is not systematised at any level and limited to ad hoc meetings organised by youth organisations under specific, often donors driven, requests. At the same time, youth programming remains highly fragmented in terms of tackled sectors and geographical areas, roles and responsibilities towards the commitments are not clearly set and sectoral youth mainstreaming is not carried out with consistency and efficacy. Therefore, it is important to empower youth and youth organisations to play an active and effective role in the engagement with the authorities, both through a dedicated space and by providing them with the needed skills to...

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influence policy making. This can be effective only if accompanied by an enabling environment at community level, aimed at increasing youth participation and acceptance.

2. **Risks and Assumptions**

<table>
<thead>
<tr>
<th>Risks</th>
<th>Risk level (H/M/L)</th>
<th>Mitigating measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>The economic situation further deteriorates and the labour market absorption capacity further diminishes.</td>
<td>M</td>
<td>High level mediation efforts. Concrete efforts will be put in uncovering innovative entrepreneurial approaches, including the establishment of strong business networks with markets outside of Palestine, at the same time fast income generation approaches will be explored (i.e. cash for work).</td>
</tr>
<tr>
<td>Freedom of movement and access to all geographical areas deteriorates.</td>
<td>M</td>
<td>Contingency planning to allow for alternative options to ensure participation of beneficiaries including new technologies (IT).</td>
</tr>
<tr>
<td>Youth distrust towards national authorities increases.</td>
<td>M</td>
<td>Fully participatory and innovative approaches will be applied to ensure youth engagement with authorities.</td>
</tr>
<tr>
<td>National budget resource allocation could limit the government’s ability to implement its national youth strategy.</td>
<td>H</td>
<td>Contingency planning to allow beneficiaries/the Government to adapt to the changing environment and 'progressively fulfil the commitments towards the young population 'within the limits of available resources'.</td>
</tr>
</tbody>
</table>

**Assumptions**
- The status quo in the security situation is maintained
- The economy of Palestine remains stable despite the political context and related constraints.
- Support to the two-state solution and to Palestinian state-building is maintained
- The PA maintains its commitment to the Youth Agenda and confirms the commitment to make effective use of the few resources available in the country.

3. **Lessons learnt and complementarity**

3.1. Lessons learnt

The main lessons learnt from previous youth interventions and projects in West Bank and Gaza include the following:

i.) Multi-annual investments by Germany and the EU to support the TVET sector in Palestine in the past 10 years have emphasised the need to focus on private sector development,
strengthening alignment between demand and supply in the labour market, improving conditions for successful entry into the labour market for labour force participants, and strengthening the enabling environment for youth entrepreneurship;

ii.) Efforts exerted in the establishment of a skill forecasting model in Palestine have proved extremely complex to be efficiently operationalised, due to the impossibility of such model to absorb shocks (to which the country is constantly subject) and unavailability of consistent annual data and metadata for the system to be able produce reliable forecasting26;

iii.) The economic environment for start-ups is very complex in Palestine, with a plethora of players and contradicting legislative framework (in Palestine and vis-à-vis Israel); young entrepreneurs suffer the most as their businesses face a fragmented and unconducive business ecosystem which does not allow for sustainable growth. There are quite a few incubators and accelerators available to support start-ups but efforts are needed to improve the quality of these services and created more interconnection within and outside the country. Youth is in dire need of developing skills to be able to strongly commercialise their ideas from a market point of view, through mentoring, coaching and access to quality information on markets27;

iv.) Communication efforts are needed to change norms that restrict women’s access to the labor market. The most powerful way to change perceptions (of men, women, and employers) about women’s participation in the labor force is to increase the number women into the labor force, through gender sensitive policy options, such as employment and entrepreneurship support tailored to women’s needs, access to safe transportation and affordable child care. Nevertheless, these must be complemented by media campaigns aimed at positively influencing community's cultural norms.

iv.) Avoid a fragmented and short term engagement with youth, such as the pilot establishment of Youth local councils in some municipalities and ad hoc youth consultations for policy making, as it has created a high level of distrust and disillusion (The Youth Local Council Initiative, funded by USAID from 2008 until 2014);

v.) Peer-to-peer approach for youth awareness raising and capacity development has proved particularly effective among Palestinian youth28;

vi.) With no specific PA Ministry responsible for youth affairs, a more structured approach to policy dialogue requires broader participation and engagement of youth with relevant line ministries, local authorities, but also civil society, development partners and donors.

Overall, evidence from past programmes and pilots show that investments in youth self-development, including young persons' personal skills (such as self-awareness, self-esteem and critical thinking) and social skills (including building relationships, working in groups, communication and organisational capacities), coupled with partnership with the private sector (both as employers and investors) and a focus on innovation approaches in terms of support to innovative entrepreneurial ideas as well as active participation of youth in designing solutions for their own problems, yields the highest results in the development of

26. Under the EU funded regional projects The Networks of Mediterranean Youth (NET-MED Youth) project implemented by UNESCO (2014-2018) and Youth Employment in the Mediterranean (YEM) also implemented by UNESCO (2018-2020).


young people as active, engaged and employable citizens, capable to be employed, self-employed, or set up their own enterprise.

3.2. Complementarity, synergy and donor co-ordination

This action is well co-ordinated and in synergy with the following actions:

A. Support to youth employability and entrepreneurship:

i.) The action is in synergy with and builds upon past, current and future investments of EU and European Development Partners in the TVET sector in Palestine (namely the EU with Support for the TVET System in Palestine and Promoting East Jerusalem innovation and sustainable economic development through TVET; Germany with TVET and employment promotion programme (TEP), implemented by GIZ and Belgium with Skilled Young Palestine – Improving Resilience and Job opportunities for Youth, implemented by Enabel) and the “Dual studies” educational system launched in 2015 (through GIZ), all aiming to bridge the gap between the academic educational outcomes and the needs and requirements of the Palestinian labour market;

ii.) Complementarities will be sought with EU-funded programmes such as SAWA - Enhance Resilience for Micro- businesses and Create Sustainable livelihood Opportunities in the Gaza Strip and Gaza Economic Resilience, both supporting self-employment and job creation of youth and women through the creation of microbusinesses in green and circular economies;

iii.) The programme will also build on the ongoing Youth Employment in the Mediterranean (YEM) regional programme (led by UNESCO and funded by the EU) that promotes new ways of aligning TVET services with labour market, by taking into consideration results and lessons learnt at national and regional level, including through co-operation actions with ETF where appropriate;

iv.) Synergies will be built with guarantee and blending operations under the External Investment Plan (EIP). Notably, two EFSD Guarantee programmes implemented by the Dutch Development Bank (FMO) NASIRA guarantee for underserved entrepreneurs which is to focus on youth-led enterprises in Palestine and FMO Ventures Programme supporting early-stage investments for start-ups and new ventures;

v.) The action will be complementary to the World Bank's interventions in supporting self-employment, both building on the results of the ongoing project Gaza Emergency Cash for Work and Self-Employment Support and complementing their future interventions (partially EU funded) in the same field that aim at upscaling the approach in Gaza by continuing to provide job opportunities to youth and women to work in social protection services, through the cash for work modality, and fostering entrepreneurial skills and opportunities for youth as IT services freelancers;

vi.) Denmark's support to FAO programme Green Jobs and Sustainable Income Opportunities for Palestinian Female and Male Youth in the Agri-food Sector focussing on partnership with four Universities, to provide youth with personalised coaching for the development of innovative sustainable business ideas in the agribusiness sector.

B. Youth participation and inclusion:

vii.) Co-ordination and complementarity will continue to be ensured with the UN Joint Programme for Palestine Youth 2030, which is a recently developed action plan for the
implementation at country level of the UN Youth Strategy 2018\textsuperscript{29}, the Generation Unlimited global partnership\textsuperscript{30} and with the UN Theme Group on Youth in Palestine.

viii.) In parallel, Denmark is enhancing youth mainstreaming in the EJS, starting with the launch of a newly developed tool for youth mainstreaming "Youth in Development: from policy to practice" in December 2019 and currently exploring concrete steps for the establishment of a Youth Sounding Board for EDPs and might include future investments in the UN Joint Programme for Palestine Youth 2030\textsuperscript{31}.

ix.) The action will seek complementarity and synergies with Italy's foreseen support to the Ministry of Social Development Youth Rehabilitation Centres, targeting mainly school dropouts, which could present opportunities to include highly vulnerable youth in the employability programmes foreseen in this action.

x.) Finally, the programme will build on activities implemented in universities and schools on mock elections and electoral awareness in the framework of the EU funded project "Support to the Central Elections Commission (CEC) in strengthening the civic engagement and electoral participation of Palestinians in the West Bank and the Gaza Strip" that foster youth civic engagement and could bring to the surface interesting entry points for a more active involvement of engaged youth in policy making within educational system.

4. **DESCRIPTION OF THE ACTION**

4.1. **Overall objective, specific objective(s), expected outputs and indicative activities**

The Overall objective of the action is to improve Palestinian youth contribution to economic, social and public life. The action will contribute to the achievement of the overall objective by enhancing and promoting youth employability and entrepreneurial skills to significantly influence social dynamics and inclusion within the frameworks of gender equality, civic participation and active citizenship.

The **Specific Objectives** are:

**SO1: Enhanced Palestinian young people's employability and economic empowerment.**

The action will contribute to the achievement of the Specific Objective 1 by facilitating a stronger connection between skilled youth/promising entrepreneurs and the private sector (employers/investors), through tailored youth employability and entrepreneurship skills development programmes that aim at upgrading key transferable skills and competencies in young female and male graduates to adapt to the changing labour market needs and improve their economic participation. This may be coupled by direct income generating initiatives targeting youth to address the needs of the most vulnerable.

**SO2: Enhanced Palestinian youth meaningful participation and representation in the society.**

The action will contribute to the achievement of Specific Objective 2 by empowering the Palestinian youth and encouraging them to actively participate in positive social transformation of their communities, through youth leadership development and civic

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\textsuperscript{29} Youth 2030: Working with and for Young People, UN Youth Strategy 2018.

\textsuperscript{30} https://www.generationunlimited.org/.

\textsuperscript{31} Under the framework of the Generation Unlimited global movement for youth empowerment (https://www.generationunlimited.org/), the UN Theme group on Youth in Palestine chaired by UNFPA has put into place a 3 years programme document UN Joint Programme for Palestine Youth 2030 for a total of USD25M to ensure a holistic and inter-agencies co-ordinated approach in youth empowerment efforts.
engagement programmes that connect young women and men to decision making structures at national and local levels and supporting youth initiatives at community level addressing social needs

Expected Outputs under Specific Objective 1 "Support to youth employability and economic empowerment"

Output 1.1: Increased employability opportunities for young women and men by technical and life skills development meeting labour market demand. The action will empower youth and equip them broad range of skills, including cognitive and meta-cognitive skills (e.g. critical thinking, creative thinking, learning to learn and self-regulation); social and emotional skills (e.g. empathy, self-efficacy and collaboration); and practical and physical skills (e.g. using new information and communication technology devices, development of entrepreneurial mind-set) through structured guided learning and self-development programmes. Income generating initiatives will be explored to promptly address the urgent needs of youth in the most vulnerable communities, such as cash for work programmes. Employment and entrepreneurship programmes will be tailored to address young women’s specific needs, considering also measures that can address the barriers that young women face in accessing the labour market.

Output 1.2: Partnerships connecting potential employers and investors to skilled young people and young entrepreneurs (females and males) are established. The action will promote sustainable and scalable public-private partnership to enable youth to be exposed to practical experience and network possibilities in the labor market, through on-job training, coaching and mentoring for a supported transition into the workplace and self-employment. The action will build on existing co-ordination mechanisms on TVET governance in Palestine comprising of relevant ministries, TVET service providers, academic institutions and private sector associations (i.e. Chambers of Commerce).

Main indicative activities include:

Activity 1.1: Youth employability skills development programmes, including 21st Century Skills for work and life (especially for TVET, CVET and university students). Programmes will focus on three main areas: a) Learning and innovation skills - critical thinking and problem solving, communications and collaboration, creativity and innovation; b) Digital literacy skills - information literacy, media literacy and c) Information and communication technologies (ICT) literacy. Curricula will be developed in partnership with educational institutions and private sector to ensure that increased youth capacities respond to actual needs of the labour market and ensuring equal access opportunities to young women and men. The Entrepreneurship Key Competence Framework (Entrecomp) will also be introduced, valuing entrepreneurship as a competence that applies to all spheres of life.

Activity 1.2: Young women and men entrepreneurial skills development programmes, providing training opportunities through innovation lab, business development training and coaching, mentoring, as well as technical support for commercialisation of ideas (including innovative business ideas with a focus on green jobs and green growth) and facilitating access to market knowledge and existing possibilities for access to finance. Financial literacy will be developed for young female and male entrepreneurs to better access equity finance including

33. These transferrable competences have been called Life Skills or 21st Century Skills.
venture capital, seed funding and business angels and traditional debt in the banking and microfinance sectors.

**Activity 1.3:** Development of partnership with potential employers, mainly from the private sector, to skilled young female and male students and fresh graduates (University and TVET), through the signature of agreements for sustainable and scalable public-private partnership enabling youth to be exposed to practical experience through on-job training and apprenticeship programmes. This will include paid internships opportunities of substantial duration to increase their chance of retention in the work placement. This could be coupled with cash for work initiative to promptly alleviate economic needs for most vulnerable youth.

**Expected Outputs under Specific Objective 2** "Support to Youth engagement and participation"

**Output 2.1:** Enhanced capacity of Youth (female and male), Youth Organisations and Youth Networks to effectively engage in policy dialogue at the national and local level and to play a greater role as change makers in their communities. The action will support the development of youth leadership capacities and communication skills to empower them to advocate and influence policy making on issues affecting their rights, as well as supporting their social entrepreneurship initiatives to play a greater role as change makers in their communities.

**Output 2.2:** Enhanced mechanisms for youth consultation and opportunities to influence decision making processes. The action will aim at supporting youth organisations and networks to create the necessary space to effectively advocate for youth rights at national and international level and positively influence policy making. This will be done in an innovative participatory approach where youth themselves (young women and men) will identify the most suitable and sustainable mechanisms for dialogue, engagement and influencing policies, building on existing networks and platforms.

Main **indicative activities** are:

**Activity 2.1:** Civic engagement and leadership development programmes for youth, youth organisations and networks, equipping youth with communication, debating and advocacy skills, to be able to formulate and promote their opinions. This will include training of trainers to upscale and sustain leadership training provision to youth, with a peer-to-peer approach, already successfully utilised within youth volunteer networks. Specific leadership programmes will be also designed to respond to needs of young women, in order to increase their opportunities and confidence.

**Activity 2.2:** Support to youth-led policy labs that foster networking between young women and men and dialogue amongst youth and local authorities, government and civil society actors, as well as development partners and donors. With the involvement of Youth-led organizations, youth benefitting from civic engagement and leadership activities under this programme, will have the chance to put into practice the acquired skills in organized workshops and roundtable discussions that foster conversation between youth and institutional actors, such as local authorities and associations. Young people will thus have the concrete opportunity to present ideas and proposals that address youth needs and social inclusion in their communities.

**Activity 2.3:** Development of a national youth consultation mechanism, designed through a participatory approach with youth groups, organisations and existing networks. The mechanism will be based on the selection of youth representatives (50% females), appropriately trained for policy dialogue and advocacy, to strengthen young people’s voice
and perspective in relation to policies and programmes, that can provide a platform for direct and systematic youth consultation for all interested stakeholders (government, local authorities, donors, development partners and civil society) for a more consistent and effective youth mainstreaming. Inclusiveness throughout the process of both young women and men will ensure that specific gendered needs are addressed on an equity basis.

Activity 2.4: Support to youth-led social enterprises, through technical and financial support of most innovative and creative initiatives addressing community and social needs, in collaboration with local authorities and the private sector, to foster an enabling environment aimed at increasing youth participation and acceptance in their communities.

4.2. Intervention Logic

The Action aims to encourage youth economic empowerment through youth employability and entrepreneurial skills development programmes, fostering private sector partnerships, as a means to reduce their vulnerability and as an enabling factor to promote their active socio-economic role in the society. Opportunities to actively participate in social transformation processes toward positive change will be fostered by empowering youth to influence decision making processes and strengthening the role of youth civil society and networks in holding the government accountable in respect of the operationalisation of the PA Youth Strategy and advocating for youth rights. The action will ensure engagement with marginalised young people and recognise their diverse and gendered needs.

More specifically, each Specific Objective will follow this intervention logic:

- SO1 - "Support to youth employability and economic empowerment": the action will support youth economic empowerment programmes that facilitate a stronger connection between skilled youth and the labour market. Through employability and entrepreneurship skills development programmes tailored for university and vocational students and young entrepreneurs, young women and men will be equipped with the necessary knowledge, required skills, positive attitude, work ethic, as well as the practical on the job experience and network to become more employable or self-employed, and ultimately contribute to the well-being of their local communities and the country at large. At the same time, partnerships will be established between the private sector (employers and investors) and skilled youth and promising entrepreneurs, allowing employers in the business community to access a much needed pool of talented young people and youth to be able to identify and access relevant opportunities in the labour market. Thus, the action will set the basis for a more substantial and consistent private sector involvement contributing also to develop the needed skills and knowledge for young underserved Palestinian entrepreneurs to access the potential of financial instruments, which could be further investigated in the identification of future EU Youth and Economic Development actions. In view of the economic recession and increased vulnerability caused by the ongoing COVID-19 pandemic, the action will explore the possibility to integrate the approach with prompt income generating activities for youth to support the most vulnerable.

- SO 2 - "Support to Youth engagement and participation": through leadership programmes tailored for youth civic engagement, the action will support youth and youth civil society organisations and networks to effectively engage with decision makers thus increasing their space to influence policy making and foster accountability of national authorities. The development of a national mechanism for systematic youth consultation, developed with the youth for the youth, will allow for the consistent engagement of youth in policy making and programming at local, national and international levels, as well as supporting their social
entrepreneurship initiatives to play a greater role as change makers in their communities increasing youth participation and acceptance while making sure that marginalised and vulnerable young men and women are also represented and their voices heard.

4.3. Mainstreaming

**Human Rights:** The Rights-based approach is transversal in the whole intervention and, in line with the commitments to *leave no one behind*, the action will ensure participation, non-discrimination and equal access at all stages of the intervention, with a special attention to young women, youth with disabilities and youth from marginalised communities, both in terms of amplifying their voices and prospective and easing their access to opportunities.

**Good governance principles:** A participatory approach will inform the design of all components of the action, in close co-ordination with the respective stakeholder groups and especially in close co-ordination with the youth themselves who will be actively engaged in the formulation of activities and policy dialogue, in the perspective of 'young people finding the solution for young people'.

**Gender equality:** The action will take into consideration specific gender aspects and activities will be tailored to the needs of both genders, in order to ensure equal share in the benefits that the intervention aims to yield. Accurate sex and age-disaggregated data will be developed to ensure monitoring of equal impact. The action will also make use of the 2018 Gender Country profile and the European Joint Strategy Result Oriented Framework for Gender (led by Italy) and will try to align as much as possible with the GAP II indicators. Gender responsiveness will be ensured by using specific Gender Evaluation Criteria during formulation. Ultimately the action will seek to empower young women and men not only to claim their rights before the concerned principal duty-bearers, but also to actively engage in activities aiming at bringing about societal change in line with international standards.

**Environment:** The action is not anticipated to have any negative impact on the environment. Nevertheless, it presents interesting opportunities related to environment and climate change. Participation and inclusion of youth perspectives in policy making processes has the potential to increase the demand vis-à-vis the authorities for more environmentally friendly policies and more in general foster sensitivity toward clime change issues. Youth targeted has the potential to be a proactive advocate for combating climate change at national and community levels. In parallel, fostering youth entrepreneurship and employability opportunities for green growth and green jobs will be explored. Entrepreneurial initiatives based on green economy principles will be supported together with social enterprises addressing environmental problems in the targeted communities.

4.4. Contribution to Sustainable Development Goals (SDGs)

This intervention is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG(s): (i) SDG 4 'Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all'; (ii) SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; (iii) SDG 10 'Reduce inequality within and among countries'; (iv) SDG 16 'Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels'; it also contributes to (v) SDG 17 'Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development'; and (vi)
the SDG 5 'Achieve gender equality and empower all women and girls'. In particular the action is relevant to the widely recognised and pivotal role that youth should play as agents for development and accelerators to achieve SDGs.

5. **IMPLEMENTATION**

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

5.1. **Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of the entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission’s responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.2. **Implementation modalities for an action under project modality**

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.\(^35\)

5.2.1. **Grants (direct management)**

(a) Purpose of the grant(s)

A part of this action may be implemented through a grant to a selected grant beneficiary which should contribute to achieve Specific Objective 1: 'Enhanced Palestinian young people's employability and economic empowerment' and to a lesser extent Specific Objective 2: 'Enhanced Palestinian youth meaningful participation and representation in the society', thus concretely connecting the two objectives. The selected grant beneficiary will focus on development and delivery of Youth employability skills development programmes for students and fresh graduates (University and TVET), developed in partnership with educational institutions and private sector, ensuring exposure to practical experience through on-job training and apprenticeship programmes that will also include youth civic engagement development. The latter will be enhanced through capacity development as well as support to youth led initiatives that will promote youth entrepreneurial thinking while empowering them to become agents of positive change, through designing creative solutions addressing social needs of their communities.

Implementation entails the following indicative activities: Activity 1.1: Youth employability skills development programmes; Activity 1.3: Development of partnership with potential employers, mainly from the private sector, for mentoring and apprenticeship opportunities; and through also the active the involvement in the implementation of Activity 2.1: Civic engagement and leadership development programmes for youth; Activity 2.4: Support to youth-led social enterprises, through technical and financial support of most innovative initiatives.

\(^35\) www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.
(b) Justification of a direct grant
Under the responsibility of the Commission’s authorising officer responsible, the grant may be awarded without a call for proposals to an NGO to be selected using the following criteria: i) specialised thematic expertise and experience in supporting the youth in Palestine, including youth employability and empowerment projects and programmes; ii) strong rooting at local level among youth in all geographical areas of Palestine and good established relationship with local and national authorities; iii) ability to quickly mobilise youth and communities; iv) recognised role and leverage in the youth national and international arenas.

Under the responsibility of the Commission’s authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because the country is in a crisis situation referred to in Article 2(21) and Article 195 (b) and (f) of the FR at the date of the financing Decision.

5.2.2. Indirect management with an entrusted entity
A part of this action (Specific Objective 1) may be implemented in indirect management with an entity which will be selected by the Commission’s services using the following criteria: i) thematic expertise and multiannual experience in implementing youth economic empowerment and employability programmes; ii) ability to quickly mobilise specialised quality experts on these topics; iii) previous experience of assistance to the Palestinian Authority and national co-ordination mechanisms in the youth employment sector; iii) strong leading role in the area of policies and follow-up of political commitments in field youth employability in Palestine.

The implementation by this entity entails contributing to Specific Objective 1, focussing on increase youth resilience by improving the transition to employment and self-employment through improved skills and competences. This will be done through the provision of technical skills training and on-job training and apprenticeship programmes on the one hand and entrepreneurship key competences, life skills and digital skills training on the other hand. Implementation will entail the following indicative activities: Activity 1.1: Youth employability skills development programmes, including 21st century skills for work and life; Activity 1.2: Youth entrepreneurial skills development programmes, including financial literacy; Activity 1.3: Development of partnership with potential employers, mainly from the private sector, to skilled young students and fresh graduates for on-job training and connecting with possible investors.

Another part of this action (Specific Objective 2) may be implemented in indirect management with an entity which will be selected by the Commission’s services using the following criteria: i) thematic expertise and multiannual experience in supporting the youth agenda in the Middle East and North Africa, including youth economic empowerment and employability programmes as well as assistance to the Palestinian Authority and national co-ordination mechanisms; ii) ability to quickly mobilise specialised quality experts on these topics; iii) strong leading role in the area of policies and follow-up of political commitments in field youth/child rights, globally and in Palestine; iv) recognised role and leverage in the youth national and international arenas.

The implementation by this entity entails contributing to Specific Objective 2, focusing on Youth civic engagement and participation, implementing the following activities: Activity 2.1: Civic engagement and leadership development programmes for Youth Organisations and
Networks; Activity 2.2: Support to youth led policy lab; Activity 2.3: Development of a national youth consultation mechanism, designed through a participatory approach with youth. This will include capacity building of Youth civil society organisations as well as youth led CSOs and CBOs.

In case the envisaged entities would need to be replaced, the Commission’s services may select a replacement entity using the same criteria.

If negotiations with the above-mentioned entities fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in section 5.2.3.

5.2.3. Changes from indirect to direct management mode due to exceptional circumstances

In case the modality foreseen under par. 5.2.2 cannot be implemented due to circumstances outside of the Commission’s control, the alternative implementation modality in direct management will be direct award of Grants following the same selection criteria identified under par. 5.2.1.

5.3. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.4. Indicative budget

<table>
<thead>
<tr>
<th>Specific Objective 1 Enhanced Palestinian young people's employability and economic empowerment composed of:</th>
<th>EU contribution (amount in EUR)</th>
<th>Indicative third party (amount in EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect management with entrusted entity</td>
<td>5 000 000</td>
<td>1 100 000</td>
</tr>
<tr>
<td>Direct management through grant</td>
<td>2 000 000</td>
<td>N.A</td>
</tr>
</tbody>
</table>

Specific Objective 2 Enhanced Palestinian youth meaningful participation and representation in the
<table>
<thead>
<tr>
<th>society composed of:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect management with entrusted entity</td>
<td>1 350 000</td>
</tr>
<tr>
<td><strong>Evaluation</strong> (cf. section 5.9)</td>
<td>250 000</td>
</tr>
<tr>
<td><strong>Audit/ Expenditure verification</strong> (cf. section 5.10)</td>
<td>N.A.</td>
</tr>
<tr>
<td><strong>Communication and visibility</strong> (cf. section 5.11)</td>
<td>300 000</td>
</tr>
<tr>
<td><strong>Contingencies</strong></td>
<td>100 000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9 000 000</td>
</tr>
</tbody>
</table>

5.5. Organisational set-up and responsibilities

A **Steering Committee** (SC) will be set up one for Specific Objective 1 which will involve the Prime Minister's Office, representatives of Ministries concerned (i.e. Ministry of Labour, the Ministry of Education, the Ministry of Higher Education and Scientific Research) and other relevant PA institutions, Private Sector Associations, Youth Civil Society Organisations and the EU Delegation. The Steering Committee will provide strategic guidance to the project, review and facilitate its progress and ensure co-ordination and complementarity with other donor actions. This will be particularly important in all interventions targeting TVET students thus the Ministry of Labour will represent the project at national level in the Inter-Ministerial High Committee for Employment and the TVET Higher Council to ensure full alignment with national strategies.

Another **Steering Committee** (SC) will be set up one for Specific Objective 2 and will involve the Prime Minister's Office, representatives of Ministries concerned (i.e. Higher Council for Youth and Sport) and other relevant PA institutions, Youth Civil Society Organisations and EU Delegation. The Steering Committee will provide strategic guidance to the project, review and facilitate its progress and ensure co-ordination and complementarity with other donor actions.

5.6. Performance and Results monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports to be uploaded in OPSYS. Regular monitoring will take place making use of the specific logframes that the implementing partners will have developed in the framework of the contract negotiation. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Logframe matrix (for project modality) or the partner’s strategy, policy or
reform action plan list (for budget support). The action might be subject to external monitoring through Results Oriented Monitoring (ROM).

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

Reports shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.7. Evaluation

Having regard to the importance and the nature of the action, a mid-term and a final evaluation might be carried out for this action or its components via independent consultants through a mission contracted by the Commission via an implementing partner based on operational and learning considerations. A mid-term evaluation and/or a final evaluation could be foreseen and carried out for learning purposes, in particular with respect to the intention to launch a future phase of the action, as this Action document is also intended as a pilot for Youth Programming in Palestine.

The Commission shall inform the implementing partners at least 2 months in advance of the dates foreseen for the evaluation missions. The implementing partners shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partners and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted.

5.8 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted.

5.9. Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

In particular this action provides for an interesting opportunity for Youth focussed communication and visibility activities fully complementary to the action that will contribute
also to the achievement of the objectives, involving youth in Palestine in stimulating youth oriented activities, while also raising awareness on youth rights and youth valorisation in the local cultural context. Measures shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

It is foreseen that communication and visibility services may be contracted.
## APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

<table>
<thead>
<tr>
<th>Results chain: Main expected results (maximum 10)</th>
<th>Indicators (at least one indicator per expected result)</th>
<th>Baselines (incl. reference year)</th>
<th>Targets (incl. reference year)</th>
<th>Sources of data</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| Improve Palestinian youth contribution to economic, social and public life  
As per section 4 of the Action Document | From SDG indicators matrix PCBS:  
a) Proportion of youth (aged 15-24 years) not in education, employment or training (region and sex disaggregated)**(SDG 8.6.1)  
b) Participation rate of youth and adults in formal and non-formal education and training in the previous 12 months, by age and gender(SDG 4.3.1)  
c) The participation of women > 15 years old in the labor market (RoF)  
d) Percentage of increase in youth satisfaction with opportunities and quality of life***  
e) Existence of a developed and operationalized national strategy for youth employment, as a distinct strategy or as part of a national employment strategy (SDG 8.b.1) | a) 33.2 proportion (2017)  
b) 2.4 (2018)  
c) 19.3% (2016)  
d) 50% (2015)  
e) not available (but ILO is working on a national employment strategy) | a)3% decrease by the end of the programme  
b) 3 per year  
c) 1% increase per year  
d) 60% by the end of the programme  
e) Strategy in place and implementation started | PCBS reporting matrix on SDGs indicators and Youth Survey carried out every 5 years (next in 2020), Employment Strategy | Not applicable |
### Outcome(s) (Specific Objective(s))

<table>
<thead>
<tr>
<th><strong>SO1</strong></th>
<th>Enhanced Palestinian young people's employability and economic empowerment[^36]</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SO2</strong></td>
<td>Enhanced Palestinian youth's meaningful participation and representation in the society</td>
</tr>
</tbody>
</table>

**As per section 4 of the Action Document**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Description</th>
<th>Data 2016</th>
<th>Data 2015</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Percentage of graduates who made a successful transition to the labour market-employment and self-employment (region and gender disaggregated) (RoF)</td>
<td>71%</td>
<td>78%</td>
<td>PCBS statistical data on labour and Youth Survey; University and TVET institutes data and reports; CSOs Reports; Development partners reports and studies (i.e. Joint tracer study GIZ-ETF-Enable)</td>
</tr>
<tr>
<td>2.1</td>
<td>Number of youth participating in leadership programmes (gender-disaggregated and per area) (RoF)</td>
<td>240</td>
<td>50%</td>
<td>The status quo in the security situation is maintained</td>
</tr>
<tr>
<td>2.2</td>
<td>Percentage of youth participation in elected youth organisations, clubs and centres (gender-disaggregated) (RoF)</td>
<td>50%</td>
<td></td>
<td>The economy of Palestine remains stable despite the occupation</td>
</tr>
<tr>
<td>2.3</td>
<td>Number of communities involved in youth led-initiatives</td>
<td>N/A</td>
<td></td>
<td>Support to the two-state solution and to Palestinian state-building is maintained</td>
</tr>
<tr>
<td>3.1</td>
<td>Percentage of graduates who made a successful transition to the labour market-employment and self-employment (region and gender disaggregated) (RoF)</td>
<td>50%</td>
<td></td>
<td>The PA maintains its commitment to the Youth Agenda</td>
</tr>
</tbody>
</table>

[^36]: RoF Youth Matrix: Outcome 2: Palestinian youth have better access to economic opportunities and enjoy improved economic conditions. Education Matrix: OC4: Expanded access to labour market with relevant Technical and Vocational Education Training, especially for girls in non-traditional sectors. Labour Matrix: OC2: Skilled labour is available to satisfy the needs of the labour market. Private sector development matrix: OC 3 Improve participation of women and youth in the economy.
<table>
<thead>
<tr>
<th>Outputs and Activities</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output 1.1</strong>: Increased employability opportunities for youth by technical and life skills development meeting labour market demand</td>
<td><strong>Activity 1.1</strong>: Youth employability skills development programmes</td>
<td>Activity 1.1. a) Percentage of youth taking part in the employment and entrepreneurship programme finding employment within 1 year</td>
<td>1.1 a) N/A  1.1.a) 50%</td>
</tr>
<tr>
<td><strong>Output 1.2</strong>: Partnerships connecting potential employers and investors to skilled young people and young entrepreneurs are established</td>
<td><strong>Activity 1.2</strong>: Youth entrepreneurial skills development programmes</td>
<td>Activity 1.2 a) Number of youth entrepreneurial ideas supported through business development</td>
<td>1.2 a) N/A  1.2.a) 50%</td>
</tr>
</tbody>
</table>

2015 study on Minimum Standard Rules for Adolescent and Youth Friendly Centres (UNICEF) and update planned for 2020; HCYS annual reports submitted to PMO

MoL and ILO reports; University and TVET institutes data and reports; CSOs Reports; Development partners reports
<p>| Activity 1.3: Development of partnership with potential employers, mainly from the private sector, to skilled young students and fresh graduates (University and TVET) | training, mentoring and technical support (sex and region disaggregated) | 1.3.a) WB: 20% / GS: 25% (2016) | 1.3.a) 5% increase per year | PCBS statistical data and Youth Survey; PA Reports and policies; CSOs Reports; Development partners reports and studies (i.e. Joint tracer study GIZ-ETF-Enable) |
| Output 2.1: Enhanced capacity of Youth, Youth Organizations and Youth Networks to effectively engage in policy dialogue at national and local level and to play a greater role as change makers in their communities | Activity 1.3. a) Percentage of vocational graduates trained with a work-based learning (apprenticeship) scheme (region and gender disaggregated) | 1.3.b) 6 (2018) | 1.3.b) 12 | |
| Output 2.2: Enhanced mechanisms for youth consultation and opportunities to influence decision making processes | Activity 1.3. b) Number of partnerships between universities, TVET centers and secondary schools with private sector | 1.3.c) N/A | 1.3.c) 80% | |
| Activity 2.1: Civic engagement and leadership development programmes for youth, Youth Organisations and Networks | Activity 1.3. c) Percentage of graduates from general education participating to the programme that have had at least one practical experience) linked to the private sector (on-job training, internship, real-life projects) (region and gender disaggregated) | 1.3.a) 5% increase per year | 1.3.a) 5% increase per year | |
| Activity 2.2: Support to youth led policy labs | Activity 2.1. a) Number of youth participating to leadership and civic engagement programmes (gender disaggregated) | 2.1.a) 240 (2017) | 2.1.a) 500 | |
| Activity 2.3: Development of a national youth consultation mechanism | Activity 2.1. b) Number of leadership trainings, peer learning activities implemented under the programme and number of youth involved (region and gender disaggregated) | 2.1.b) N/A | 2.1.b) 50, 200 | |
|  | Activity 2.2. a) Number of youth consultations | 2.2.a) N/A | 2.2.a) 20 | |</p>
<table>
<thead>
<tr>
<th>Activity 2.4: Support to youth–led social enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>As per section 4 of the Action Document</td>
</tr>
<tr>
<td>by policy makers, line ministries and development partners</td>
</tr>
<tr>
<td>Activity 2.2. b) Number of youth interventions through active proposals, ideas, policy advices, etc. (youth as participants to policy making)</td>
</tr>
<tr>
<td>Activity 2.3. a) National Youth Consultation mechanism established</td>
</tr>
<tr>
<td>2.4.a) Number of youth-led social entrepreneurship initiatives</td>
</tr>
<tr>
<td>2.2.b) N/A</td>
</tr>
<tr>
<td>2.3. a) 0</td>
</tr>
<tr>
<td>2.4.a) N/A</td>
</tr>
<tr>
<td>2.2.b) 15</td>
</tr>
<tr>
<td>2.3.a) 1</td>
</tr>
<tr>
<td>2.4.a) 50</td>
</tr>
<tr>
<td>policies; CSOs Reports; Development partners reports</td>
</tr>
</tbody>
</table>