

« FICHE CONTRADICTOIRE »

Evaluation of the European Union's co-operation with Palestine and support to the Palestinian people

(*For details on the recommendations please refer to the main report pages 104-114)

Recommendations	Response of Commission/EEAS services	Follow-up (one year later)
<p>Overarching policy recommendation: a greenfield approach A <u>greenfield approach</u> invites the EU to step back, face upfront the structural limitations of current approaches. Not limited to ad hoc measures or simply augmenting or automatically repeating existing modalities, the exercise, initiated at a high level, would undertake a complete Cooperation review - open to possible substantial restructuring, taking full advantage of the Lisbon Treaty and the Agenda for Change.</p>	<p>The Commission and the EEAS agree with the need for a review of our development assistance to Palestine, albeit that the title “greenfield approach” is not necessarily one that we would endorse as our co-operation cannot simply “start over”. We do however welcome the opportunity provided by the evaluation to raise the subject for discussion with Member States and Parliament on the basis that the status quo is no longer a sustainable option. Nevertheless, in view of the deeply political nature of the EU’s support for the Palestinian Authority (PA), it is only a change in policy at these levels which will change the direction of its assistance. The new Single Support Framework (SSF) 2014-2015 is already a step forward in the direction of building a more consistent co-operation strategy and can be the basis for constructive discussions with the Member States and the Parliament on how to shift towards a more effective approach in Palestine.</p>	
<p>R 1) Create the conditions for the Single Support Framework (SSF) to function and deliver The formulation of a new ‘Single Support Framework’ reflects the EU’s capacity to learn lessons from past experiences and take remedial steps. This exercise should be deepened with a view</p>	<p>In view of the unstable situation in Palestine, the Commission and the EEAS would not, at this juncture, wish to go further than a two-year SSF, albeit that the skeleton of the document could remain substantially the same.</p>	

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<p>to further operationalizing the SSF in a practical and results-oriented manner.</p> <p><u>Operational recommendations</u></p> <p>(i) Maintain a dynamic political context analysis through the existing LDS and Heads of Mission process.</p> <p>(ii) Specify ways and means to promote political dialogue to address the binding constraints and calibrate programming according to the likelihood of their mitigation.</p> <p>(iii) Link the PA Action Plan specifically and systematically to the results framework of Cooperation programming so that Action Plan reviews include specific monitoring reports which in turn link back to consequences for incentives and disincentives. Consider areas of risk for the SSF that can be included in triangulation of dialogue with the Israel Action Plan.</p> <p>(iv) Develop a comprehensive strategy for support for Gaza, using focal sectors and DFS for a common platform of engagement.</p> <p>(v) Mainstream CSOs into upstream development of sector strategies, with specific reference to DFS, East Jerusalem, focal sectors and Gaza.</p> <p>(vi) Provide clear guidance on Cooperation approach and links to dialogue with Israel regarding breaches of international law, human rights violations and demolition of EU-financed infrastructure.</p> <p>(vii) Define strategy and actions for supporting social cohesion as an essential contribution to the long-term EU goals for Palestine.</p> <p>(viii) Provide strong focus on the human rights</p>	<p>i/Agreed.</p> <p>ii/Agreed in principle. Nevertheless, it is not really the Commission which is best placed to promote such a dialogue. Difficult to understand how to put the recommendation into practice, from a Commission point of view. Political dialogue already takes place at various levels both with Israeli and Palestinian partners.</p> <p>iii/The ENP Action Plan was not primarily designed to act solely as a framework for EU co-operation as it has a wider remit, so there cannot be a mechanistic link. However, it is envisaged in the ENI Regulation that the AP should be used more consistently to guide assistance priorities in the future and this is being taken into account in ENI programming. The appropriate reference document for co-operation is the respective Palestinian National Plan. This is even more true of the EU-Israel Action Plan. While the point on triangulation is a fair one and has also been made by the Court of Auditors, we have to be realistic about expectations. The present discussions with Council on Area C will act as a test case.</p> <p>iv/ Gaza is considered as an integral part of Palestine. We do however recognise the special circumstances existing there and are prepared, within the restrictions which exist, to try to assist (readiness to support Gaza large-scale desalination plant). Nevertheless, until access to and from Gaza for people, goods and services can be assured, there is a limit to what can be done. The impact of the latest Gaza conflict</p>				

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<p>aspects of water allocation and sanitation.</p>	<p>(July 2014) also will need to be kept in mind. v/ Agreed. The SSF 2014-2015 mainstreams civil society into all sectors of intervention. During the programming phase, civil society was largely consulted in West Bank, Gaza and East Jerusalem. It is to note also that civil society participated in the formulation of sector strategies of the National Development Plan 2014-2016. The quality and type of participation was affected by weak preparedness of organisations in playing a proactive role in the process: poor technical abilities, limited coordination and cooperation among civil society actors. Gender, human rights and agriculture/rural development are the three policy areas, where civil society is mostly active in. NGOs have a limited capacity to promote economic development and to address socio-economic distortions caused by the market, even if CSO representatives are part of the tripartite committee created to ensure social dialogue. The mapping study on civil society planned for the second semester 2014, will include specific analysis on the 3 focal sectors of SSF to seek enhanced opportunities. vi/ Guidance to whom? This recommendation is not clear. It is however agreed that the EU should raise these issues more systematically with Israel ideally through a co-ordinated approach with member states. The Commission and the EEAS have also started a comprehensive dialogue with MS both on the ground and here in Brussels on finding ways to</p>	

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	<p>address the issue of the destruction of EU projects within the wider frame of the deteriorating situation in Area C.</p> <p>vii/ Agreed. Social cohesion amongst Palestinians is very much linked with the internal reconciliation/end of occupation. From a cooperation point of view, actions are already been taken to preserve and promote the identity and cultural heritage of Palestinian in different context.</p> <p>viii/Agreed.</p>				
<p>R2. Review the choice of focal sectors on the basis of EU comparative advantage and to maximize complementarities and leverage</p> <p>Evaluation findings suggest that the choice of the three focal sectors has not been sufficiently based on a solid contextual analysis (including the likely impact of binding constraints¹ on outcomes and the political economy of the PA governance system)</p> <p><i>Focal Sector Operational recommendations</i></p> <p>(i) The EU should consider making ‘human development’ a focal sector in place of or in addition to PSD, given the massive EU financial support through PEGASE DFS for education, health and social protection.</p> <p>(ii) If this option is followed, the EU should ensure that in the ‘human development’ focal sector strong emphasis is placed on specific goals, objectives, benchmarks and targets with much closer monitoring and results/performance-based policy dialogue</p>	<p>The Commission and the EEAS find merit in this recommendation and is prepared to study it favourably. Private Sector Development is proving to be a sector where the necessary political breakthroughs to ensure success are not occurring. One of the reasons why the SSF is limited to 2 years is precisely to take account of such situations and in 2015 there will be an opportunity to review the focal sectors for 2016 onwards.</p> <p>(i) Further to the recommendations of the CoA, EUREP has already started and consolidated the policy dialogue on Health, Education and Social protection (human development) as critical leverage of DFS.</p> <p>The option of dropping completely the support on Private Sector Development should be discussed further among the Commission and EEAS services and with the PA.</p>				

¹ Choosing PSD as a focal sector does not seem to take into account EU lack of capacity to address binding constraints; moreover interventions for PSD do not tackle the costs imposed by occupation thus resulting in a very limited impact on cooperation goals.

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<p>and disbursement, enhanced by greater transparency in reporting on results.</p> <p>(iii) If PSD remains a focal sector, then the EU should focus on those issues where progress is attainable and not prevented by the binding constraints. This approach would take into account the PA's span of control. Critical matters to target in the business environment, include land registration, securitization, leasing, corporate governance, business entry, corporate formation and exit, intangible/intellectual property definition and protection, and competition.</p> <p>(iv) In the focal sector relating to water and land development, the EU could address the Joint Water Commission permit system - a binding constraint with strong focus on the human rights aspects of water allocation and sanitation².</p> <p>(v) Based on experience elsewhere, the human development sectors (health, education and social protection) and water tend to be promising areas for results-based financing.</p>	<p>iii) suggestions useful for next programming.</p> <p>(iv) Point taken. This is an issue to be solved at political level. At technical level, Joint Water Committee authorisation is still needed for all large water infrastructures. JWC issue is systematically discussed with Palestinian Water Authority, Israel Water Authority and other donors involved – notably KfW. The EEAS has to no avail, repeatedly asked the Palestinian counterparts to provide more information on the proceedings of the Joint Water Committee. The suggestion that this issue should be addressed more robustly (also with the Israeli authorities?) is noted.</p>	
<p>R3. Apply smart conditionalities linked to good governance considerations and backed up by a results-oriented political and policy dialogue <i>Operational recommendations</i></p> <p>(i) Create an operational framework (policies and procedures) linked to the overall strategies emerging from the Greenfield review..</p> <p>(ii) Develop a comprehensive, clear, measurable</p>	<p>It is not our intention to accept this recommendation. While we will strive with the PA to ensure the best possible quality of service delivery, it is not reasonable to impose strict conditionality in the present circumstances. This point was also dealt with in some detail in our reply to the CoA.</p> <p>We intend to work through the Municipal Local</p>	

² Water could thus become a test case for applying a rights-based approach. Concretely the EU could link the issue of water rights of the Palestinian people to the overall governance/human rights agenda in the EU-Israel Action Plan and addressing it in future Council Conclusions as a significant human rights violation.

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<p>and outcome-oriented results framework:</p> <p>Results-based approach. Link disbursements to delivery of specific services at a certain level of quality standard, such as connections to water systems, reduction in water losses, delivery of basic health care or other targeted services identified in an agreed strategy document.</p> <p>Results-based finance. Disburse to national (PA) or sub-national (e.g. municipal government or utility) body after predefined results have been agreed and attained with verification.</p> <p>A functioning monitoring and evaluation system is critical and must be in place at the outset of a results-based programme that underpins disbursement. It supplements and enhances implementation, fiduciary and oversight functions.</p> <p>Financing of block grants for local government recurrent expenditures, specific multi-sector purpose grants for capital investment in neglected sectors or sectors offering potential (agriculture, re-use of water, energy innovation in rural areas, etc.,).</p> <p>(iii) Build on PEGASE DFS support to achieve greater accountability to and participation by the Palestinians served, for example including transparency in administrative appointments, civil service reform, and wage bill limitations.</p> <p>(iv) Link the Action Plan Annex Complementary Objectives to funds in the Cooperation, including PEGASE DFS, as well as developmental projects.</p> <p>(v) Closely monitor the reform of the security/justice sector for effectiveness, including greater use of EUPOL COPPS to inform justice sector practice reform.</p>	<p>Development Fund (already foreseen in 2014 AD) but not by block grants.</p> <p>A new Results-Oriented Monitoring contract should be prepared by year end, but this already comes as complementary measure to regular monitoring by EUREP.</p> <p>The EU is already actively supporting the Palestinian reconciliation process as can be seen in the EU's reaction to the latest reconciliation deal (April 2014) and the ensuing formation of a technical unity government.</p> <p>(i-iv) Palestine is not an independent country whose government has a normal control of a wide range of resources to meet specific targets. The level of reforms will thus always be limited by the constraints imposed by the occupation and by the intra-Palestinian divisions. In particular, given the ongoing restrictions on movements and access, support to the recurrent expenditure of the national budget has been a crucial driver for economic growth, essential service delivery and reform efforts. In this context, the public wage bill has been the major driver of consumption, which is the main driver of GDP growth. The PA has done tremendous efforts to cap the wage bill, and it would be difficult to go further down this line, in a context where the GDP growth hit its lowest point in six years.</p> <p>Absence of strict conditionality does not imply the absence of leverage vis-à-vis the PA, which has already been demonstrated.</p> <p>The EU has started a shift towards a more</p>	

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<p>(vi) Continue and expand efforts to support local governance and administration, including a focus on quality service delivery.</p> <p>(vii) Provide more active support for a Palestinian reconciliation process.</p>	<p>results-oriented approach. This is currently done within the framework of the EU Local Strategy and related 'sector fiches' which template has been revised early 2014 to further strengthen the monitoring and evaluation aspects.</p> <p>Which regards the Direct Financial Support, which represents more than 50% of the overall cooperation envelope; the EU has started to establish results-oriented indicators, in line with the new Palestinian National Development Plan and its sector strategies, under the EU Local strategy exercise mentioned here above, and in close coordination with the other donors providing support to the recurrent expenditures of the national budget. Accountability and transparency of use of public funds will be one of the areas covered by the framework. Links with the ENP Action Plan are ensured through the ENP Subcommittee for Economic & Financial Matters</p> <p>Let's nevertheless recall that PEGASE Direct Financial Support is a political instrument whose objective is to maintain the viability of the two-state solution by sustaining the basic living conditions of the Palestinian people and by supporting the ability of the PA to ensure service delivery.</p> <p>(v) In the pipeline: Call for Proposals planned to be launched by end of the year aiming at enhancing civilian oversight to justice/security sector.</p> <p>(vii) EU has announced continued support to</p>	

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	the new technical unity Government (which fulfils the Quartet principles).				
<p>R4. Invest in the ‘demand side’ of good governance by fostering a culture of accountability (across sectors and instruments) and empowering Civil Society</p> <p><i>Operational recommendations</i></p> <p>(i) Adopt a governance approach to sector interventions,.</p> <p>(ii) Seize the opportunity provided by EU Delegations elaborating a Civil Society roadmap (by July 2014) to enhance the strategic nature of the partnership with CSOs, particularly in their role as governance actors,</p> <p>(iii) Strengthen multi-actor partnerships (local Civil Society, private sector, local administrations) as an effective approach to promoting the goals of good governance, democracy.</p>	The EU already has close relations with civil society actors in Palestine as well as civil society based in Brussels, including in this field. The recommendation can however be accepted.				
<p>R5. Strengthen a results-driven and reform-oriented strategic alliance with UNRWA</p> <p>The ever-increasing demand for services on one side and the trend of static or shrinking cooperation resources should be one of the key drivers for increasing the effectiveness of support for UNRWA. Recommendations for increasing accountability of governance systems to the Palestinian people (see Recommendation 4) should apply to EU partnership with UNRWA, with an overall effort to strengthen a results-based framework, increased transparency (including budgetary transparency), accountability to</p>	<p>This is an ongoing programme, which is producing gradual results – also taking account of UNRWA’s financial difficulties and the contradiction between the donor’s demands and those of the host governments (principally Jordan and Lebanon).</p> <p>In terms of accountability, the recommendation can be accepted, but with the caveat that it is likely that user groups will wish to pressure UNRWA to increase services at a time of budgetary restraint, which tends to impose the</p>				

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<p>service users, a focus on quality of delivery, and an opening-up to mechanisms of consultation and participation of the Palestinian population.</p>	<p>reverse logic. As per more detailed comments:</p> <p>Governance & Effectiveness: Governance has been an integral part of previous reforms of UNRWA's administration and management. Ongoing reforms concentrated on achieving improved efficiency/effectiveness and quality of service delivery are currently being addressed through new phases of programmatic reforms (Education & Health).</p> <p>Increased Transparency: The EU has been actively engaged in, and in certain stages leading, a policy dialogue with the Agency, donors, and hosting countries on issues related to budget clarity and accountability, prioritisation, and governance, as well as the efficiency and effectiveness of the Agency's operations.</p> <p>The EU as well as top donors will continue to press the Agency to further prioritise and primarily focus on its core competencies and more specifically on its core activities namely (primary) health and education, while progressively phasing out non-core activities where possible.</p> <p><u>Results based-framework/approach:</u> Within UNRWA's Medium Term Strategy (2016-2021) – MTS - and in accordance with its accountability framework, UNRWA is also committed to adhere to results based management.</p> <p>Tops donors, including the EU, continue to</p>	

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	<p>influence UNRWA on budget, reforms, and its strategic direction.</p> <p>The EU intends to complement policy dialogue with a shift towards a more results-oriented approach. This is currently done within the framework of the EU Local Strategy and related 'sector fiches' which template has been revised early 2014 to further strengthen the monitoring and evaluation aspects.</p> <p><u>Refugees/beneficiary participation and accountability:</u> UNRWA can be considered as accountable primarily to refugees for the most effective and appropriate resources placed at the disposal of UNRWA by the international community. Based on the advice of the AdCom, and within UNRWA's next MTS (2016-2021), UNRWA is committed to strengthen its efforts to build an empowering relationship with refugees built on mutual trust and respect. Foreseen measures in support of this objective will include:</p> <ul style="list-style-type: none"> - Reporting on the implementation of the MTS to refugees on an annual basis for the use of resources and the achievement (or not) of results. - Engagement and involvement with refugees at different stages in the planning cycle. - Continue to ensure the cost effectiveness and efficiency of operations to ensure refugees receive maximum benefit from UNRWA's operations. - Improved communications and clarity to 				

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	refugees about their entitlements and mechanisms to hear and respond to petitions and complaints.				
<p>R6. Clarify the types of outcome to be achieved in line with the EU’s political and cooperation goals and ensure adequate systems for monitoring and evaluation</p> <p>The absence of conditionalities and rather limited focus on performance has led to a Cooperation system that is mainly ‘instrument-driven’ and not ‘outcome-driven’. Notably:</p> <p>(i) The EU needs to put in place solid systems for monitoring and evaluation adapted to the specific context of cooperation taking into account critical variables.</p> <p>(ii) The EU should clarify the type of outcomes the EU would seek to achieve</p> <p>(iii) The EU should continue to support sector assessment and review interventions across the four tracks</p>	<p>Partially agreed. However, with ¾ of the funds being spent on actions which have a political rather than a development objective, it is necessary to temper expectations. Nevertheless, we can agree that within the restrictions which exist, maximum efforts should be deployed to ensure development goals.</p> <p>Agree to continue to review and update sectors and approach.</p>				
<p>R7. Improve programming, design and implementation of cooperation interventions</p> <p>The EU is advised to further improve the ‘downstream’ management of its cooperation portfolio along the cycle (programming, identification, formulation, implementation, monitoring and evaluation). Evaluation findings (EQ 3, 4, 7, 8 and 9) have shown the existence of many operational disconnects resulting from a silo approach to cooperation, limited synergies between tracks and instruments, design flaws, and lack of results-oriented follow-up.</p>	<p>Partially accepted. While recognising the specific nature of development co-operation in Palestine, it is possible to attain greater coherence between financial support and reforms in those sectors where the PA has a significant degree of responsibility, such as health and education.</p>				