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**COMMISSION IMPLEMENTING DECISION**

**of 26.11.2018**

**on the annual action programme in favour of Palestine<sup>1</sup> for 2018 (including one action  
on budget 2019 and 2020)**

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<sup>1</sup> 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

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**on the annual action programme in favour of Palestine<sup>1</sup> for 2018 (including one action on budget 2019 and 2020)**

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) No 1046/2018 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union<sup>2</sup> ('the Financial Regulation'), and in particular Article 110 thereof,

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<sup>3</sup> and in particular Article 2(1) and Article 6(3)(a) thereof,

Whereas:

- (1) In order to ensure the implementation of the annual action programme for 2018 in favour of Palestine<sup>4</sup>, (including one action on budget 2019 and 2020) it is necessary to adopt a multi-annual<sup>5</sup> financing Decision. Article 110 of Regulation (EU) 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<sup>6</sup>.
- (3) The Commission has adopted the European Joint Strategy in Support of Palestine for the period 2017-2020<sup>7</sup> – Towards a democratic and accountable Palestinian State, which is closely aligned with the Palestinian Authority National Policy Agenda 2017-2022 – Putting Citizens First, and which sets out the following priorities: identification of public financial management (PFM) reforms, improvement of access to water and energy, and private sector development among the main priorities for European Union and Member States' development cooperation.

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<sup>2</sup> Regulation (EU) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union and amending Regulation (EC) No 2012/2002, Regulations (EU) No 1296/2013, (EU) 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014 of the European Parliament and of the Council and Decision No 541/2014/EU of the European Parliament and of the Council and repealing Regulation (EU, Euratom) No 966/2012, OJ L 193, 30 July 2018, p.1. OJ L 77, 15.3.2014, p. 95.

<sup>4</sup> 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.

<sup>5</sup> Multiannual financing Decision shall always constitute a multiannual action programme.

<sup>6</sup> [www.sanctionsmap.eu](http://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.

<sup>7</sup> [https://eeas.europa.eu/sites/eeas/files/european\\_joint\\_strategy\\_2017-2020\\_2017\\_10\\_18\\_.pdf](https://eeas.europa.eu/sites/eeas/files/european_joint_strategy_2017-2020_2017_10_18_.pdf)

Special attention is given to the development of Area C in the West Bank and to East Jerusalem with the purpose of strengthening the resilience of Palestinian residents and preserving the Palestinian character of the city.

- (4) The objectives pursued by the annual action programme for 2018 in favour of Palestine<sup>8</sup>, (including one action on budget 2019 and 2020) to be financed under the European Neighbourhood Instrument<sup>9</sup> concur with the overarching objective of the European Union's cooperation with Palestine, namely to build the institutional capacity of the Palestinian Authority to maintain the viability of the two-state solution.
- (5) The action entitled “Access to self-sufficient water and energy services” supports the implementation of Pillar IV “*Access to Self-Sufficient Water and Energy Services*” of the European Joint Strategy (EJS) in support of Palestine 2017-2020 “*Towards a democratic and accountable Palestinian State*”. This action intends to support the Palestinian Authority to provide sufficient, equitable, affordable and sustainable access to energy, safe water and sanitation services for all. The method of implementation will be direct management through the grants and service contracts and indirect management.
- (6) The action entitled “Support to sustainable economic development and enhanced governance” intends to operationalise its objective of promoting inclusive, sustainable and private sector-led development and equitable access to natural resources via Gaza-specific interventions, EU support to Palestinians communities in Area C, development of the Energy Efficiency and Renewable Energy sectors' potential and enhance governance by 1) improving access to a better justice system by strengthening rule of law institutions and ensuring enhanced access to justice, particularly for vulnerable groups; 2) supporting human rights defenders and human rights organisations and their advocacy at different levels; 3) enhancing civic participation and initiatives related to electoral processes. The method of implementation will be direct management through the grants and service contracts and indirect management.
- (7) The action entitled “Support to East Jerusalem in 2018, 2019 and 2020” seeks to prevent the population in East Jerusalem from being further coerced into leaving the city, thus jeopardising the chances to safeguard the Palestinian identity of Jerusalem in future status talks. The method of implementation will be direct management through the grants and service contracts and indirect management.
- (8) The Commission should acknowledge and accept contribution from other donors in accordance with Article 21(2) of Regulation (EU) 2018/1046, subject to the conclusion of the relevant agreement. Where such a contribution is not denominated in euro, a reasonable estimate of conversion should be made.
- (9) It is appropriate to authorise the award of grants without a call for proposals, pursuant to Article 195 of Regulation (EU) 2018/1046 to the Coastal Municipal Water Utility and to the Municipal Development and Lending Fund since Palestine is acknowledged to be in a "crisis situation", as referred to in article 2(21) of the FR, which allows for the use of flexible procedures, to the Central Elections Commission, since it is the sole body responsible for organising and conducting elections in Palestine and to other entities such as non-governmental organisations, international organisations, non-for-profit organisations, public bodies and economic operators, in the conditions set out in

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<sup>8</sup> 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.

<sup>9</sup> Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument (OJ L 77, 15.3.2014, p. 27).

Annexes 2 (points 5.3.1.1. and 5.3.4.3.) and 3 (point 5.3.1.1.), since Palestine is acknowledged to be in a "crisis situation", as referred to in article 2(21) of the FR, which allows for the use of flexible procedures.

- (10) The Commission should authorise the eligibility of costs as of a date preceding that of submission of a grant application, which is prior to the date of adoption of this Decision, for reasons of extreme urgency in crisis management aid or in other exceptional and duly substantiated emergencies, whereby an early engagement by the Union would be of major importance.
- (11) Pursuant to Article 4(7) of Regulation (EU) No 236/2014, indirect management is to be used for the implementation of this action programme.
- (12) Entities and persons entrusted with the implementation of Union funds by indirect management shall ensure a level of protection of the financial interests of the Union as referred to in Article 154(3) of Regulation (EU) 2018/1046. When the Commission entrusts budget-implementation tasks under indirect management to the entities specified in Annex 1, 2 and 3, such entities and persons have been subject to an assessment of their systems and procedures in accordance with Article 154(4) of the Financial Regulation. When the Commission entrusts budget-implementation tasks under indirect management to the Palestinian Authority, as specified in Annex 1 to this Decision, the Commission in accordance with Article 154(6) of the Financial Regulation retains the financial management responsibilities laid down in Annex 1 upon the body.
- (13) It is necessary to allow for the payment of interest due for late payment on the basis of Article 116(5) of Regulation (EU) 2018/1046.
- (14) The measures provided for in this Decision are in accordance with the opinion of the European Neighbourhood Instrument Committee set up by Article 15 of the financing instrument referred to in recital 4.

HAS DECIDED AS FOLLOWS:

#### *Article 1*

##### *The programme*

The annual action programme for 2018 in favour of Palestine, (including one action on budget 2019 and 2020) as set out in the Annexes, is adopted.

The programme shall include the following actions:

- Annex 1: "Access to self-sufficient water and energy services".
- Annex 2: "Support to sustainable economic development and enhanced governance".
- Annex 3: "Support to East Jerusalem in 2018, 2019 and 2020".

#### *Article 2*

##### *Union contribution*

The maximum contribution of the European Union for the implementation of the programme referred to in Article 1 is set at EUR 97,228,867 and shall be financed from the appropriations entered in the following line of the general budget of the Union for 2018:

(a) budget line 22.040104: EUR 73,228,867<sup>10</sup>.

It shall be financed from the appropriations entered in the following line of the general budget of the Union for 2019:

(a) budget line 22.040104: EUR 12,000,000.

It shall be financed from the appropriations entered in the following line of the general budget of the Union for 2020:

(a) budget line 22.040104: EUR 12,000,000.

The amount referred to in the first paragraph includes contributions from other donors to the general budget of the European Union as external assigned revenue as provided for in action “Support to sustainable economic development and enhanced governance”.

The appropriations provided for in the first paragraph may also cover interest due for late payment.

The implementation of this Decision is subject to the availability of the appropriations provided for in the general budget of the Union for 2019 and 2020 as adopted by the budgetary authority.

### *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 points 5.3.1.1.1., 5.3.2.2.1., 5.3.4.1.1., 5.3.5.1. and 5.3.6.1. of Annex 1, in points 5.3.2.2., 5.3.3.1. and 5.3.4.1. of Annex 2 and in points 5.3.1.3. and 5.3.1.4. of Annex 3.

The eligibility of costs incurred by Belgian Development Co-operation shall be authorised as of the dates set out in the Annex 3.

### *Article 4*

#### *Flexibility clause*

Increases<sup>11</sup> or decreases of up to EUR 10 million not exceeding 20% of the contribution set in the first paragraph of Article 2, considering each financial year separately, 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.

### *Article 5*

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<sup>10</sup> The amount included here is indicative as the contribution is to be provided in Danish Kronor, in the amount of 14,000,000 DKK.

<sup>11</sup> These changes can come from external assigned revenue made available after the adoption of the financing Decision.

### *Grants*

Grants may be awarded without a call for proposals pursuant to Article 195 of Regulation (EU) 2018/1046 to the bodies referred to in point 5.3.2.1.1. of Annex 1, in points 5.3.1.1., 5.3.2.1., 5.3.4.3. and 5.3.4.4. of Annex 2, and in point 5.3.1.1. of Annex 3 in accordance with the conditions set out therein.

Done at Brussels, 26.11.2018

*For the Commission*  
*Johannes HAHN*  
*Member of the Commission*



## ANNEX 1

of the Commission Implementing Decision on the annual action programme in favour of Palestine<sup>1</sup> for 2018 (including one action on budget 2019 and 2020)

### Action Document for “Access to self-sufficient water and energy services”

#### INFORMATION FOR POTENTIAL GRANT APPLICANTS

#### WORK PROGRAMME FOR GRANTS

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.

|  |  |               |
|--|--|---------------|
| <b>1. Title/basic act/<br/>CRIS number</b>                                   | Access to self-sufficient water and energy services<br>CRIS number: ENI/2018/041-138<br>financed under European Neighbourhood Instrument   |               |
| <b>2. Zone benefiting<br/>from the<br/>action/location</b>                   | Palestine<br>The action shall be carried out at the following location: West Bank and Gaza Strip   |               |
| <b>3. Programming<br/>document</b>   | European Joint Strategy in support of Palestine 2017-2020 – Towards a democratic and accountable Palestinian State.  |               |
| <b>4. Sector of<br/>concentration/<br/>thematic area</b>                     | Pillar IV: Access to self-sufficient water and energy services   | DEV. Aid: YES |
| <b>5. Amounts<br/>concerned</b>  | Total estimated cost: EUR 280,633,333<br>Total amount of EU budget contribution EUR 31,400,000   |               |
| <b>6. Aid<br/>modality(ies)<br/>and<br/>implementation<br/>modality(ies)</b> | <b>I. Increased access to water in Gaza</b><br><b>I.1 Gaza Central Desalination Plant:</b><br>I.1.1 Gaza Central Desalination Plant: Indirect Management with the European Investment Bank (EIB).<br>I.1.2 Gaza Central Desalination Plant Project Management Architecture / Tendering Support: Indirect Management with the |               |

|                                 |  |
|---------------------------------|--|
|                                 | <p>European Investment Bank (EIB).</p> <p><b>I.2 Management of Water Resources in Gaza:</b></p> <p>I.2.1 Support to the Coastal Municipalities Water Utility (CMWU) Capacity &amp; Sustainability: Direct Management – Grant direct award.</p> <p>I.2.2 Renewable Energy for Water infrastructure: Indirect Management with the Palestinian Authority.</p> <p>I.2.3 Storm Management &amp; Retention Basin: Indirect Management with the Palestinian Authority.</p> <p><b>II. Support to the reform of the water sector</b></p> <p>II.1 Support for the establishment of the National Water Company: Direct Management - Service Contract</p> <p><b>III. Enhanced wastewater treatment in the West Bank</b></p> <p>III.1 <u>Completion of the Tubas Tayasir Waste Water Treatment Plant</u>: Indirect Management with the Palestinian Authority.</p> <p>III.2 <u>Support to the Tubas Joint Water and Sanitation Services Council (T-JWSSC) Capacity &amp; Sustainability</u>: Indirect Management with the Palestinian Authority.</p> <p><b>IV. Increased energy sovereignty</b></p> <p>IV.1 <u>Support to the implementation of the Memorandum of Electricity</u>: Indirect management with an international organisation, the World Bank Group (WBG).</p> <p>IV.2 <u>Renewable Energy (RE) and Energy Efficiency (EE) for health facilities in Gaza</u>: Indirect management with an international organisation, the World Bank Group (WBG).</p> <p><b>V. Ancillary measures</b></p> <p>V.1 <u>Support to the implementation of energy and water projects (through the Office of the Quartet)</u>: Indirect management with an international organisation The United Nations Office for Project Services (UNOPS).</p> |
| <b>7 a) DAC code(s)</b>         | <p>14015 - Water Resource Conservation,<br/> 14021 - Water supply - large systems,<br/> 14030 - Basic Drinking Water Supply and Basic Sanitation<br/> 23230 - Solar Energy<br/> 23630 - Electric power transmission and distribution<br/> 23110 - Energy policy and administrative management</p>  |
| <b>b) Main Delivery Channel</b> | <p><i>Public Sector Institution - 10000</i><br/> <i>International Non-Governmental Organisation (NGO)– 21000</i><br/> <i>Other – 5200</i><br/> <i>World Bank Group - 44001</i></p>   |



|  |   |   |                                     |                                     |
|--|---|---|-------------------------------------|-------------------------------------|
| <b>8. Markers (from CRIS DAC form)</b>   | <b>General policy objective</b>   | <b>Not targeted</b>   | <b>Significant objective</b>        | <b>Main objective</b>               |
|  | Participation development/good governance   | <input type="checkbox"/>  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
|  | Aid to environment  | <input type="checkbox"/>  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
|  | Gender equality (including Women In Development)  | <input type="checkbox"/>  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
|  | Trade Development   | <input checked="" type="checkbox"/>   | <input type="checkbox"/>            | <input type="checkbox"/>            |
|  | Reproductive, Maternal, New born and child health   | <input checked="" type="checkbox"/>   | <input type="checkbox"/>            | <input type="checkbox"/>            |
|  | <b>RIO Convention markers</b>   | <b>Not targeted</b>   | <b>Significant objective</b>        | <b>Main objective</b>               |
|  | Biological diversity  | <input checked="" type="checkbox"/>   | <input type="checkbox"/>            | <input type="checkbox"/>            |
|  | Combat desertification  | <input checked="" type="checkbox"/>   | <input type="checkbox"/>            | <input type="checkbox"/>            |
|  | Climate change mitigation   | <input type="checkbox"/>  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
|  | Climate change adaptation   | <input type="checkbox"/>  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
|  | <b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>  | Environment and Climate Change + Human Development/Health+ Sustainable Energy |                                     |                                     |
| <b>10. Sustainable Development Goals</b> | SDG 6: Ensure access to water and sanitation for all;<br>SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all. |   |                                     |                                     |

## SUMMARY

The proposed Action supports the implementation of Pillar IV “*Access to Self-Sufficient Water and Energy Services*” of the European Joint Strategy (EJS) in support of Palestine 2017-2020 “*Towards a democratic and accountable Palestinian State*”. The EJS is closely aligned to the new Palestinian National Policy Agenda (NPA) 2017-2022 and to the Sustainable Development Goals.

This Action intends to operationalise - through a set of complementary interventions - its objective of supporting the Palestinian Authority (PA) to provide sufficient, equitable, affordable and sustainable access to energy, safe water and sanitation services for all.

In the *Water* sector, the Action aims to improve the availability and efficient management of water resources in Gaza, to advance the efforts on institutional sector reform, and to consolidate and boost existing EU investments in wastewater in the north of the West Bank. Of particular importance is the allocation of the first tranche of the EUR 77.1 million EU pledge for the construction of the Gaza Central Desalination Plant following the successful pledging conference on 20 March 2018 where 80% of the funds were pledged.

With regards to *Energy*, the Action contributes to support the transfer of sovereignty to the PA in the energy sector including its capacity to efficiently and sustainably manage the sector, supporting the implementation of the Memorandum of Understanding on Electricity signed in late 2016 with Israel. In addition, the Action aims at addressing specific urgent needs arising from the scarcity of power supply to Gaza and the ensuing disruption of basic services with a focus on health.

## 1. CONTEXT

### 1.1 Sector/Country/Regional context/Thematic area

Palestine is home to some 4.8 million people, of which 2.9 million live in the West Bank (including East Jerusalem) and the remaining 1.8 million live in the Gaza Strip<sup>2</sup>. Two out of five Palestinians living in Palestine are refugees.<sup>3</sup>

Palestine has been marked by the ongoing Palestinian-Israeli conflict, as well as by the disruption of fifty years of occupation and the progressive fragmentation of its territory, including the illegal annexation of East Jerusalem.

The Oslo Accords, under which the Palestinian Authority was created in 1994, were intended to lead to a final negotiated settlement between the parties. More than twenty years later, the Palestinian Authority, which has operated as a transitional authority with limited jurisdiction since its creation, has full civil and security authority only in 18% of the West Bank. This takes place in the context of growing governance challenge on the Palestinian side. The last general elections were held in January 2006 and the Gaza Strip came under the de facto control of Hamas in 2007. The movement restrictions imposed by Israel on the Gaza Strip since the early 1990s intensified in June 2007 with its closure and imposition of the land, air and sea blockade. A renewed push towards reconciliation started in September 2017 with the mediation of Egypt, which resulted in the Palestinian Authority Prime Minister and his Cabinet convening in Gaza on 2 October 2017, for the first time since 2014. However, latest developments seem to suggest that chances for a long-term solution of intra-Palestinian division remain slim.

Palestine is a Lower Middle Income Country. In terms of Human Development Index it is one of the better off Arab States in the region and it was ranked 114 out of 188 countries in 2016.

Palestinian economic development and political relations with Israel are strictly linked, as Palestine runs under the framework of an uneven customs and monetary union with Israel. It has no control over its own borders and suffers from restrictions and controls on the movement of its people, goods and resources (land, water, etc.). Consequently, the Palestinian Authority has limited control over the majority of its revenues and experiences substantial losses under the current revenue sharing arrangements. Given the severe development constraints of the Palestinian context, Palestine's revenue is still highly aid-dependent.

Clean drinking water is a basic Human right and an essential part of enjoying the right to an adequate standard of living. Access and distribution of *water* in Palestine are among the most critical and sensitive issues. The sector is characterised by lack of control over available water

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2 Palestinian Central Bureau of Statistics (PCBS), 2016.

3 Approximately 70% of the estimated population in Gaza are registered Palestine refugees.

resources. Economic hardship, lack of sufficient infrastructure and of effective water resource management have led to a severe water shortage both in the West Bank but in particular in Gaza, where water quality and per capita available quantity are worryingly below international standards and threatened by pollution. 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 the World Health Organization (WHO) standards. The abstraction for domestic use is around 94 million cubic meter (mcm) per year and a further 105 mcm per year is estimated to be abstracted for agricultural use and industries. The level of groundwater use which would ensure its natural recharge is instead between 55 and 60mcm/y. 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. In the absence of a major shift, the underlying portion of the coastal aquifer is expected to become permanently and entirely unfit for human consumption within the next 3 years.

Palestine depends 98% on energy import, first and foremost Israel. Energy dependency also affects Palestine's water production and pumping as water service providers are among the biggest energy consumers in the country. Energy insecurity affects the daily operation of water infrastructure. Only the Gaza Strip has some energy generation capacity (but currently depending solely on expensive fuel imports), whereas renewable energy (13% of consumption in 2015) is the only indigenous source in the West Bank but its significant potential remains largely untapped. Energy prices are among the highest in the region. Energy costs are for the vast majority deducted by Israel from the clearance revenues they collect on behalf of Palestine. This has undermined Palestinian sovereignty and control. The Memorandum of Understanding (MoU) on Electricity signed by the Palestinian Authority and the Israeli Authorities in September 2016 provides the basis to change current arrangements and increase Palestinian Authority sovereignty in the energy sector. Once the Memorandum is fully and properly implemented the Palestinian Authority would be able to manage its transmission and distribution system in full autonomy.

### ***1.1.1 Public Policy Assessment and EU Policy Framework***

The Palestinian Authority *National Policy Agenda 2017-2022 Putting Citizens First* (NPA) contains three pillars describing the strategic direction of the government: path to independence, government reform and sustainable development. On the basis of key national priorities, sector policies have been defined to improve the quality of life of the Palestinian people, while continuing efforts to attain statehood. Pillar 3 of the NPA “Sustainable Economic Development” contains - under its national policy “Meeting the needs of our communities” - policy interventions aiming to “expand community access to clean water and sanitation” and “expand community access to reliable energy”.

The *European Joint Strategy in Support of Palestine 2017-2020 – Towards a democratic and accountable Palestinian State* (EJS) is closely aligned with the NPA. Pillar 4 of the EJS is about “Access to Self-Sufficient Water and Energy” identifies as one of its 5 intervention Pillars the Water and Energy sectors. On water, the stated objectives are to contribute to improved access to water and wastewater services, to the sustainable management of water resources and to the reinforcement of public and private institutions operating in the sector. With regards to energy, the EU and Member States work to support citizens' access to reliable and affordable energy, while contributing to the financial sustainability and the regulatory framework of the sector as a whole, keeping also high on the agenda innovation, environment and social considerations.

Following political discussions at the level of Foreign Ministers, the EU has started to undertake a review of the modalities of the European Union's engagement in Israel and Palestine to ensure that all EU actions are supporting the achievement of a two-state solution. The review outcome might help in redirecting some interventions for the sake of increased effectiveness especially in Gaza and in the areas touched upon by the Action Document.

The water sector is characterised by scarce resources, institutional weaknesses and an insufficient financial sustainability of operations. As such, and in order to address these key issues, the Palestinian Water Authority 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 and reliability of water supply services and ensuring fair water distribution, iii) Improving wastewater services and structures (collection, treatment and re-use of treated water and sludge), iv) Development of water sector institutions to reinforce good governance and v) Ensuring financial sustainability of water service providers.

The Comprehensive National Strategy for the Energy Sector in Palestine (2017-2022) covers both the West Bank and the Gaza Strip, tackling each sub-sector: hydrocarbons, electricity, renewables (RE) and energy efficiency (EE). The Strategy acknowledges that the main challenges of the electricity sector in the West Bank and Gaza are: the signature of the high voltage commercial agreement with Israel Electric Corporation (IEC) which will give more autonomy to the Palestinian Authority to manage the transmission and distribution system; the diversification of energy sources and the increase of the share of indigenous sources; the solution to the net lending and of the non-payment for electricity; the construction and modernisation of the transmission and distribution grids; obtaining technical control of the transmission and distribution grids; increasing the supply of electricity to Gaza to combat the current severe shortages. The Strategy recognises private sector investments as vital for future developments in terms of potential fiscal and efficiency benefits. Private investments are expected and encouraged in numerous areas, such as RE, electricity distribution, EE, and in the hydrocarbon sector.

### ***1.1.2 Stakeholder analysis***

In the Water sector, the Palestinian Water Authority (PWA) is the main stakeholder as regards reforms in the sector and the establishment of the National Water Company. Full commitment at the highest level within PWA needs to be maintained to allow for a successful process which will put in place a stronger institutional framework. Indirect beneficiaries of this intervention will be the whole Palestinian population, including refugee communities, benefitting from expected improved performance of the water sector. Co-ordination on water reform issues is well developed, including through the existing donor co-ordination mechanisms.

The construction and operation of the Gaza Central Desalination Plant (GCDP) have the potential to represent a long-term solution to safe drinking water scarcity in Gaza. Such a major objective - and project - requires the engagement of a very wide range of stakeholders i.e. the international community as a whole (including Arab donors) for the financing, PWA and the Coastal Municipality Water Unit (CMWU) (for the policy framework and the lead role on implementation and future operation and maintenance) and the Government of Israel (in the absence of major policy changes in terms of its role with regards to access of material and people into Gaza). Through intense co-ordination work with all relevant parties over the last couple of years, the situation is ripe to move to the tendering phase of the project.

To address the scarcity of drinking water in Gaza through the implementation of humanitarian projects, an important role is played by the Water, Sanitation and Hygiene (WASH) Cluster. The WASH Cluster in Gaza is led by UNICEF, who, along with its WASH Cluster partner organisations, provide and maintain water and sanitation services in Gaza, in close cooperation with PWA and CMWU. Such services include improving basic water and sanitation conditions for households, supplying water to filling stations and providing water for drinking and domestic use to communities and centres for IDP's. Furthermore, UNICEF operates in close cooperation with the PWA and the CMWU to ensure WASH preparedness and response to winter floods and to mitigate floods risk.

Renewable Energy for Water infrastructure (estimated final beneficiaries: 200,000 people) and Storm water management and retention basin (estimated beneficiaries: 20,000 people), have been discussed with PWA and the CMWU in addition to other agencies working on water and sanitation in Gaza. Several discussions were held in the last quarter of 2017 in order to best identify areas of intervention. An Environmental and Social Impact Assessment (ESIA) was conducted for both aforementioned projects and a mitigation plan was developed.

In the northern part of the West Bank (Tubas district), the estimated direct beneficiaries from the action will be around 57,000. Discussion on technical approach and modalities of the intervention were held between the Tubas Joint Water and Sanitation Service Council (T-JWSSC) and PWA. The T-JWSSC is the body responsible for providing the area with water and sanitation facilities and it will operate and maintain the Tubas Tayasir Wastewater treatment plant. A feasibility study and Business Plan were completed in May 2017 for the Operation and Maintenance Activities.

A broad public awareness campaign is envisaged under this Action, aiming at involving Civil Society Organisations and the public in the different phases of the projects from design to implementation. In the identification and formulation phases, the interventions were discussed with relevant civil society organisations (CSOs) in the water sector, addressing as main topics: the importance of sustainable use of water, the treatment of additional wastewater, the need of awareness campaigns and the principle of willingness to pay, especially among vulnerable populations. These concerns were taken into consideration in the preparation of the actions and further involvement of CSOs is foreseen through specific activities within the projects.

In the Energy sector, the main institutional actors are the Palestinian Energy and Natural Resources Authority (PENRA), and the Palestinian Electricity Transmission Company Ltd (PETL), established with the mandate to be the single buyer and transmission system operator for the Palestinian energy sector. Since September 2016, Norway, with the technical support of the World Bank (World Bank), Office of the Quartet and the Netherlands, is leading the MoU Electricity Task Force responsible to assist PENRA and PETL in the implementation of the MoU. This is done especially with a view at the signature of the Power Purchase Agreement between the Israeli Electricity Company (IEC) and PETL, but also to fund raise for the required infrastructure.

With regards to Renewable Energy (RE) and Energy Efficiency (EE) for health facilities in Gaza, the implementation of energy projects in the Gaza Strip is challenging and requires a multi-stakeholder approach. The actors involved are PENRA to oversight the co-ordination of donor assistance; the Gaza Electricity Distribution Company (GEDCO) to enable the roll out of the supplies and as manager of the grid serving the health facilities; Palestinian Authority Ministry of Health and its Central Engineering Department (CED) as well as Gaza health

centres and hospitals. RE and EE for health in Gaza were highlighted as one of the priorities in the short term during consultations with CSOs carried out in 2017.

Civil Society Organisations and customers groups were involved in the definition of the priorities addressed by the World Bank Trust Fund and - therefore - by the proposed EU support. In addition, most civil society stakeholders were involved in the discussions facilitated by the energy-sector dedicated platform that was set-up in 2016 through EU regional funding.

The mandate of the Office of the Quartet (OQ) is to increase Palestinian economic and institutional development and empowerment, as a support towards achieving a two-state solution. Main stakeholders in this case are the Quartet members, its donor partners, the Palestinian Authority and the Government of Israel (GoI). These stakeholders are all engaged in close co-ordination through dedicated groups. In particular, the OQ is chairing both the GCDP Task Force and the Gas for Gaza (G4G) Task Force, contributing to significant progress thanks to its technical expertise and convening power towards the Palestinian Authority and the Government of Israel.

### ***1.1.3 Priority areas for support/problem analysis***

*With regards to the water sector:*

In order to avert a humanitarian crisis in Gaza in terms of lack of drinking water, as a long term measure, the Gaza Central Desalination Plant will provide a sustainable water supply system to cover the bulk of the needs of the Gaza population (capacity of 55MCM following completion of the current phase I).

The consequence of the current electricity crisis for Gaza inhabitants is a deterioration of their living condition, especially in relation to basic services availability. The decrease of water quantities supplied and the drastic increase of pollution due to the release of raw sewage in the environment constitute a major source of concern. The actions proposed as related to support to CMWU capacity and sustainability, RE for Water infrastructure and Storm Management and Retention Basin will directly contribute to address water supply problems both in terms of quality and sustainability.

Implementation of the Water Reform following the adoption of the Water Law in 2014 is crucial for the sustainability and economic viability of the entire water sector. Technical assistance will be provided to assist the PWA in implementing the road map for the establishment of the National Water Company.

The West Bank suffers from water shortages, affecting also Palestinians' economic potential (for example, only 6.8% of cultivated land in the West Bank is irrigated). This is mostly due to Israel's appropriation of groundwater resources, which makes necessary the development of an efficient wastewater reuse system for irrigation purposes and environmental reasons. Investing in improving the sustainable operation of water and wastewater infrastructure is essential and shall be done - comprehensively - increasing the local operators' technical capacity as well as strengthening households' connections to the sewage network.

*With regards to the energy sector:*

The reform process of the energy sector started in the 90's and, assisted by the donor community, has brought the energy sector from a fragmented municipally- based system to a more efficient single- buyer model. Still lack of transparency, weak governance, poor sector

performance, and political factors are key drivers of inefficiency. The non-payment of electricity services has also grown, reaching 58% of the total cost of imports from the Israeli Electricity Company (IEC). Due to the absence of a real transmission backbone, grid fragmentation, insufficient capacity and fuel supply for power generation, Palestine is still far from an independent and viable electricity sector. Concrete progress depends on the finalisation of the PPA with the IEC and on the operational follow-up of the MoU on Electricity signed in September 2016.

The state of the electricity system in Gaza is extremely precarious with supply available on average 6 hours per day. The energy deficit has dire consequences in vital sectors as health, water and wastewater treatment. In the health sector, major hospitals and clinics in Gaza see their activities highly disrupted by the lack and unreliability of power which in turn forced numerous smaller facilities to shut-down.

The Office of the Quartet (OQ) is playing an important role in facilitating large-scale projects, especially in the field of water and energy in Gaza. The OQ's unique characteristics position it ideally to co-ordinate donors' initiatives requiring intense and delicate triangular co-ordination with the Government of Israel.

## 2. RISKS AND ASSUMPTIONS

| Risks   | Risk level (H/M/L) | Mitigating measures   |
|---|--------------------|---|
| Unpredictable deterioration of the current political/security context in Gaza and West Bank.  | M                  | A flexible project implementation structure is maintained, supported by regular dialogue to ensure protection of EU investments.  |
| Unpredictable Israeli policies and actions e.g. further restrictions of movement of goods and people to the Gaza Strip.                 | H                  | 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. The EU will play an increased role with regards to convening both parties (Palestine and Israel) to maximise the effectiveness of EU cooperation and to address any obstacles to such effectiveness.                    |
| Financial/operational crisis of Tubas Joint Water and Sanitation Service Provider   | M                  | Operation and Maintenance support, capacity building and training are provided.   |
| Insufficient engagement of international community to the GCDP funding.   | M                  | PWA strong ownership is ensured, together with EU commitment and convening power towards potential donors as demonstrated by the good outcome of the pledging conference in March 2018.   |
| Unsustainable cost of Operation and Maintenance (O&M) of GCDP   | M                  | The Plant design and technology (reverse osmosis) are expected to minimise O&M, costs. In addition, the project includes a non-revenue water (NRW) reduction plan as part of the associated works, aiming at reducing NRW from 40% to about 20% (in 2030) and at increasing revenue collection from the current 38% to 80%. Furthermore, a Cost-of-Service and Tariff Study is underway and will help define a sustainable tariff structure, supported by a foreseen initial period (5 years) of O&M subsidy. |
| Reduced engagement of project stakeholders in water Reform  | M                  | Engage decision makers ensuring parallel progress of institutional and infrastructural commitments.   |
| Palestinian authority and Government of Israel (GoI) lack of political willingness to the signature of PPA for high voltage electricity | H                  | Mechanisms to facilitate political triangulation through co-ordination via the Ad HoC Liaison Committee (AHLC) mechanisms, the EU Energy Working Group and OQ facilitation.   |



|   |
|---|
| <b>Assumptions</b>  |
| <ul style="list-style-type: none"><li>- All relevant stakeholders remain committed to the action's objectives and results.</li><li>- The electricity supply in Gaza is sufficiently stable or improves from its current level.</li><li>- Reconciliation efforts continue and/or the PA continues to be able to implement actions in Gaza.</li></ul> |



### **3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES**

#### **3.1 Lessons learnt**

The main lessons learnt from previous water projects in Gaza and the West Bank include the following: 1) need to ensure high quality of the design; 2) need to clearly address all stakeholders' responsibilities and have their commitment in order not jeopardise project success; 3) importance to assist the PA project management staff in developing project control expertise in order to track, identify and mitigate project risks; 4) need to develop local skills to ensure operation and maintenance of EU-funded infrastructure; 5) importance of the water-energy nexus in Palestine and need to factor in the energy dimension early on in the planning of water projects, especially in Gaza.

In the energy sector, lessons learnt include the following: 1) important investments are still required to enhance the capacities of sector operators and institutions; 2) knowledge about grid capacity and stability is scattered and ad hoc assessments are required for new investment; 3) the complex and uncertain political environment has significant impact in terms of delays in infrastructure projects; 4) need to closely follow-up the negotiations with IEC/GoI for the high-voltage PPA, supporting with political leverage; 5) the solar energy potential of Palestine can provide significant short-term solutions and should have appropriate room in any future energy mix.

As regards the creation of new organisation new public bodies should also be accompanied with a commitment by the national authorities to grant the sufficient legal powers, resources and staffing necessary to discharge their mandate.

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

Water is a focal sector of EU support to Palestine under the European Joint Strategy (EJS) 2017-2020. Donors' interventions are co-ordinated by the Local Aid Co-ordination (LACS) Water and Sanitation Sector Working Group and aligned with the PWA Strategic Development Plan. EU and EUMS approach is co-ordinated also through a dedicated informal working group.

The planned investments in the GCDP programme are the results of in depth analysis and 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 has reconfirmed the breadth of support for the project enabling to achieve 80% of its funding requirements and enabling concrete implementation to start.

In the West Bank, the EU has been co-ordinating its geographical focus with the other key donors in the water sector to avoid overlaps.

Energy is also a focal sector of EU support to Palestine under the EJS. The EU and Member States approach is co-ordinated through the dedicated EU energy working group (EWG) as well as through the LACS structure. After the conclusion of the MoU electricity (late 2016)

the EU takes part in the Task Force for the MoU implementation co-ordinated by Norway and has in this context deepened co-ordination with the World Bank. The World Bank, EU, IMF, USAID, US, Sweden, DFID, France, Italy are part of the Task Force. EUREP co-ordinates also very closely with the EIB, especially on matters related to distribution in the West Bank.

### **3.3 Cross-cutting issues**

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

**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 sub components will be gender sensitive and indicators defined to monitor them will be 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.

**Rights Based Approach:** the action assists in meeting basic rights for an adequate standard of living (such as access to water and essential services. With regards to access and affordability, the design of the GCDP includes a component for support to operation and maintenance costs for 5 years to cater for the needs of the poorest households.

**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 water unfit for human consumption and to enable the protection of the Gaza aquifer. The establishment of renewable energy infrastructure will reduce about 35-50% of the fossil fuels and electricity required to operate wells and pumping stations in Gaza.

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

## **4. DESCRIPTION OF THE ACTION**

### **4.1 Objectives/results and options**

#### **Overall objective (impact):**

Overall objective for West Bank and Gaza is to ensure the provision of self-sufficient, equitable, affordable and sustainable access to energy, safe water and sanitation services for all.

The **Specific Objectives (outcomes)** are:

1. Improved quality and sustainability of water and energy services in Gaza and achievement of long-term solutions to secure water for all in Gaza.
2. Support to the Water Reform by contributing to the establishment of the National Water Company (NWC).
3. Secure efficient Sanitation Services in Tubas Governorate by completing the Tubas Waste Water Treatment Plant, ensuring its sustainable operationalisation.
4. Enhance the energy sector’s institutional, planning and credit worthiness capacities.

The **Expected Results (outputs)** are:

**I. Increased access to water in Gaza**

- Result 1.1: Long Term Water Supply solution is launched through the tendering, award and commencement of the construction of the Gaza Central Desalination Plant.
- Result 1.2: Water and Sanitation Services are enhanced through support to CMWU to become more efficient, sustainable and economically viable.
- Result 1.3: Water Supply and Sanitation is increased by equipping selected existing Water and Sanitation infrastructure with renewable energy equipment.
- Result 1.4: Water Supply is improved by using storm water management and retention basin to support the recharge of the Gaza Aquifer.

## **II. Support to the reform of the water sector**

- Result 2.1: Establishment of the National Water Company (NWC).

## **III. Enhanced wastewater treatment in the West Bank**

- Result 3.1: Sanitation in Tubas is secured through successful completion of the Tubas Tayasir Waste Water Treatment Plant by financing the required price revisions.
- Result 3.2: Sanitation and support to local service providers is secured by the increase of households' connections and service areas to the water/wastewater distribution system and by supporting the T-JWSSC in becoming economically viable.

## **IV. Increased energy sovereignty**

- Result 4.1: PETL operations as single buyer of the electricity market are enabled.
- Result 4.2: A sustainable response to the energy deficit of health facilities and vulnerable groups in Gaza is fast tracked and implemented through RE and EE technology.

## **V. Ancillary measures**

- Result 5.1: On-going and future water and energy infrastructure projects are expedited through OQ-facilitated negotiations with GoI and PA.

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of several SDG Goal(s), see page 3, box 10. This does not imply a commitment by the country benefiting from this programme.

## **4.2 Main activities**

### **I. Increased access to Water in Gaza**

#### **I.1. Gaza Central Desalination Plant:**

- Result 1.1: Long Term Water Supply solution is launched through Gaza Central Desalination Plant tendering, award and commencement.

I.1.1 Gaza Central Desalination Plant: the EU has pledged EUR 70 million for the construction of the seawater desalination plant component. This contribution is expected to be committed over the construction period of the plant, through a co-ordinated approach with other donors and stakeholders. A first tranche of EUR 10 million is included in this Action reflecting financial needs over the next months.

I.1.2 Gaza Central Desalination Plant Project Management Architecture/Tendering Support: the EU has already supported the GCDP project by - *inter alia* - funding the tender design through EIB, the Environmental and Social Impact Assessment for the desalination plant and dedicated technical assistance to PWA to make additional steps on the programme management architecture, preparation of the donor conference and framework for the entry of material. At the pledging conference the EU has pledged EUR 7.1 million to cover the costs of the Programme Management Support Consultant, potentially also part of EIB's administrative costs, as well the costs of

procurement consultancy support to assist with the Alliance tendering approach<sup>4</sup> agreed by the parties. A first tranche of EUR 4.2 million is included in this action reflecting actual financial needs at the beginning.

I.2. Management of Water Resources in Gaza:

- Result 1.2: Water and Sanitation Services are protected through support to CMWU to become more efficient, sustainable and economically viable.

I.2.1: Support to CMWU Capacity & Sustainability: The Coastal Municipality Water Utility (CMWU) is the semi-public body in charge of water infrastructures and consumers supply in Gaza. EU support in this phase will provide it with the necessary capacities and resources to assist with the implementation and supervision on the ground, in co-ordination with the PWA, of the actions listed under I.2.2 and I.2.3. Activities will include technical assistance to ensure training of the staff, preparation of procedures and operations manuals, etc. The proposed budget is EUR 0.3 million.

- Result 1.3: Water Supply and Sanitation is increased by equipping selected existing Water and Sanitation infrastructure with renewable energy equipment.

I.2.2: Support Renewable Energy for Water infrastructure: the action will equip water infrastructure (Wastewater Treatment Plants and water wells) with renewable energy (RE) components (Photovoltaic panels). RE will ensure increased autonomy from the grid, decreased use of fuel and generators and decrease of running costs. An upgrade of the infrastructure will be associated to the RE equipment to enhance performance. The number of potential beneficiaries is considered around 200,000. The proposed budget is EUR 2.9 million.

- Result 1.4: Water Supply is improved by using storm water management and retention basin to support the recharge of the Gaza Aquifer.

I.2.3 Storm water management and retention basin: the construction of a retention basin allowing the recharge of the aquifer with rain water is proposed. The proposal is based on a risk analysis from PWA and CMWU and the urgent needs to balance the over-abstraction in the Southern Governorate (Rafah), where the aquifer is at its lowest level and where the development of a cone of depression is noticeable. Rainfalls in Gaza are intense in short periods of time and affecting a highly urbanised environment. The natural infiltration of rain water is not possible and most of the rain water floods before flowing directly into the sea and being lost for the aquifer recharge. A storm water infrastructure will allow to collect the rainfall and to infiltrate it in the aquifer. The proposed retention basin is estimated to a collection volume of 100,000 m<sup>3</sup> of water and would benefit around 20,000 people. An Environmental and

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<sup>4</sup> 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.

Social Impact Assessment (ESIA) of the project has been already conducted and concluded positively on the potential impacts of the intervention. The proposed budget is EUR 1.6 million.

## **II. Support to the reform of the water sector**

### II.1 Support for the establishment of the National Water Company

- Result 2.1: Establishment and operation of the National Water Company (NWC).

II.1 The transformation of the West Bank Water Department (WBWD) into a national governmental company is foreseen by the 2014 Water Law and requires PWA to develop by-laws. The Water Law states that the new company will be responsible for supplying bulk water and to execute any tasks assigned by the Water Authority. This action aims to improve the WBWD's capacity and performance through the provision of dedicated Technical Assistance to PWA, in order to make the reform possible. The proposed budget is EUR 1.8 million.

## **III. Enhanced wastewater treatment in the West Bank**

### III.1 Completion of the Tubas Tayasir Waste Water Treatment Plant

- Result 3.1: Sanitation in Tubas is secured through successful completion of the Tubas Tayasir Waste Water Treatment Plant by financing the required price revisions.

III.1 The on-going works contract (ENPI/2015/357-034) was signed for a total amount of EUR 17,975,026.91 with a total commitment of EUR 18,500,000. This contract is a Bill of Quantity (BoQ) based contract with a price revision clause and should have included sufficient resources for 15% contingency. The 15% contingency is required to ensure the completion of the works. The proposed budget is EUR 1.5 million.

### III.2 Support to T-JWSSC Capacity & Sustainability

- Result 3.2: Sanitation and support to local service providers is secured by the increase of households' connections and service areas to the water/wastewater distribution system and by supporting the Tubas Joint Water and Wastewater Service Council (T-JWSSC) in becoming economically viable.

III.2 The Tubas Tayasir Waste Water Treatment Plant is a comprehensive project with an important component of reuse directed to agriculture. It also has other expected positive outcomes, related to economic development, health, environment and energy in the area. The Tubas Joint Water & Sanitation Service Council (T-JWSSC) is the body responsible for providing the area with water and sanitation facilities, including infrastructures' operation and maintenance, drinking water procurement, transport and distribution; in addition, the council is responsible for tariffs, water and sanitation connections (commercial and household) and fees collection. A recent EU-funded feasibility study demonstrates that the T-JWSSC is financially viable in the long term. Immediate support to T-JWSSC will allow it to address the challenges entailed by the initial period of operation of the plant being completed, giving it also the tools to

advance services in terms of quality and coverage and therefore the chance to reinforce its potential for fees collection. The proposed budget is EUR 1.5 million.

#### **IV. Increased energy sovereignty**

##### IV.1 MoU Electricity Implementation

- Result 4.1: PETL operations as single buyer of the electricity market are enabled.

IV.1 PETL will be assisted in the development of the transmission Master Plan for the West Bank and to finance the upgrade/rehabilitation of up to 84 Medium and Low Voltage connection points from IEC to PETL. The EU contribution will be channelled through the World Bank Electricity Sector Performance Improvement Project (ESPIP). Additional actions will be detailed further during the World Bank's updating of the ESPIP Programme (currently on-going). Specifically, if necessary to the benefit of an efficient use of resources, complementary measures such as smart metering in the West Bank to enhance revenue collection, will be supported.

##### IV.2 Renewable Energy (RE) and Energy Efficiency (EE) for health facilities in Gaza

- Result 4.2: A sustainable response to the energy deficit of health facilities and vulnerable groups in Gaza is fast tracked and implemented through RE and EE technology.

IV.2 A package of interventions aimed at providing sustainable energy to health facilities in Gaza, through RE and EE actions will be supported. Additional actions will be detailed further during the World Bank's updating of the ESPIP Programme (currently on-going). Specifically, if necessary to the benefit of an efficient use of resources, complementary measures such as support to smart metering in Gaza to enhance revenue collection, will be tackled.

The proposed budget for Energy activities is EUR 6 million.

#### **V. Ancillary measures**

##### V.1 Support to the implementation of Energy and Water projects

- Result 1.1: Long Term Water Supply/Energy Solution is launched through Gaza Central Desalination Plant Tendering, Award and Commencement.
- Result 5.1: On-going and prospective water and energy infrastructure projects are expedited through OQ-facilitated negotiations.

V.1 The Office of the Quartet will be supported in its capacity to recruit and field technical staff to facilitate the advancement of water and energy infrastructure projects, primarily in Gaza. The proposed budget (covering 2019 and 2020 support) is EUR 1 million.

#### **4.3 Intervention Logic**

##### I. Increased access to water in Gaza

Availability of fresh water in the Gaza Strip is amongst the lowest in the world. The aquifer is heavily over-exploited and without decisive measures to revert its impoverishment it could be irreversibly damaged within the next few years. Already, only about 3% of the water pumped from the aquifer complies with World Health Organisation drinking water quality standards, with high levels of contamination and sea water intrusion posing a serious health risk to the area's inhabitants. To deal with the crisis, the Palestinian Water Authority (PWA) developed a rolling programme of interventions to find alternative sources of potable water, along four priority action lines:

- improving the water distribution system;
- improving agricultural water management;
- developing wastewater treatment and reuse;
- Increasing supply of bulk water resources (building a central desalination plant).

The EU is a lead partner in addressing these priorities, through a comprehensive set of interventions including the construction (concluded) and on-going expansion of the Short-Term Low Volume (STLV) Desalination Plant in Khan Younis. The proposed Action complements and increases the ambition of such support, first and foremost through the investment in the Gaza Central Desalination Plant project which is expected to provide a long-term solution to the Gaza water crisis. In addition, quicker-impact measures are proposed to address equally critical issues such as the efficiency and energy sustainability of the water system and flood control.

## II. Support to the reform of the water sector

The water sector is characterised by institutional weaknesses and an insufficient financial sustainability of operations. The implementation of the 2014 Water Law remains crucial to improve the performance of the institutional architecture, which needs to be based on the establishment of the National Water Company. Transforming the West Bank Water Department into a national governmental company owned by the Palestinian Authority will contribute to the suitability and economic viability of the entire sector and thus affect all actions both directly and indirectly.

## III. Enhanced wastewater treatment in the West Bank

The Tubas Tayasir Waste Water Treatment Plant is a comprehensive project assessed by a recent evaluation as very relevant for the population of the target area. The same study recommended the assistance to be extended to the Tubas Joint Water and Wastewater Service Council (T-JWSSC), with the aim to make its operations, in particular of the wastewater component, more sustainable. Furthermore, a recent EU-funded feasibility study demonstrates that the T-JWSSC is financially viable in the long term. Accompanying the completion of the works with the technical assistance and training required to enhance the institutional organisation and capacity of the council is expected to ensure the development of a core regional utility provider, fully able to deliver in line with the water sector reform.

## IV. Increased energy sovereignty

On September 13, 2016, the PA and the GoI signed a MoU to resolve the past electricity sector debt and agreed on its general principles, a major breakthrough towards an independent electricity sector and energy security. In March 2017 the Palestinian Authority presented a USD 45 million, 18 months MoU's implementation plan, to support capacity building and



infrastructure investments. Even though the expected Power Purchase Agreement (PPA) between the Israeli Electricity Corporation and the Palestinian Electricity Transmission Company (PETL) remains to be signed, discussions on the sector's credit worthiness have progressed and the international community is coalescing around the World Bank-administered Trust Fund to co-ordinate supporting efforts and ensuring coherent policy dialogue. The proposed contribution (about 30% of the TF's new phase) is expected to provide the EU with a significant role at the table, at a time of renewed and increasing relevance of the energy sector, while addressing important operational needs.

#### V. Ancillary measures

Support of the Office of the Quartet (OQ) is foreseen to continue, extending for further 2 years the financial support already approved for 2018 operations. The OQ is playing an important role in facilitating large scale projects in the field of water and energy (such as the GCDP and the Gas for Gaza) and EU investments through this and previous Annual Action Plans will directly benefit from improved co-ordination and dialogue.

### **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 4.2 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 authorising officer responsible by amending this Decision and the relevant contracts and agreements; such amendments to this Decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

#### **5.3 Implementation modalities**

The envisage assistance to Palestine is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU.

##### **5.3.1 Increased access to water in Gaza**

###### **5.3.1.1 Gaza Central Desalination Plant First Tranche and Project Management Architecture/Tendering Support**

###### **5.3.1.1.1 Indirect management with an international organisation, EIB**

A part of this action will be implemented in indirect management with the European Investment Bank (EIB). This implementation relates to the achievement of result 1.1 under section 4.1 and entails providing (from the total EU pledge of EUR 77.1 million to the GDPCP):

- The first tranche of 10 million EUR to the EIB-managed Trust Fund dedicated to the construction of the Gaza seawater 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.

- The first tranche of EUR 4.2 million to fund the Project Management Unit (PMU) costs as well as the expenses related to the Alliance approach tendering agreed upon by the parties.

This implementation is justified in light of the agreed upon Programme and Trust Fund structures for the GCDP. The EIB has been chosen by the GCDP stakeholders as the manager of the Trust Fund pooling donors funding for the construction of the Desalination Plant and its power supply component. 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 implemented the EU funds for the preparation of the desalination plant tender design.

The entrusted entity would carry out the following budget-implementation tasks: launching calls for tenders; definition of eligibility, selection and award criteria; evaluation of tenders; award of contracts; acting as contracting authority concluding, monitoring and managing contracts, carrying out payments, and recovering moneys due as well as treasury and accounting.

### **5.3.2 Management of Water Resources in Gaza**

#### **5.3.2.1 Support to CMWU**

##### **5.3.2.1.1 Grant: direct award " Support to CMWU Capacity and Sustainability" (direct management)**

###### *(a) Objectives of the grant, fields of intervention, priorities of the year and expected results*

The objective of the grant is strengthen the capacity of the Coastal Municipality Water Utility (CMWU). This implementation relates to the achievement of result 1.2 under section 4.1. EU support will provide CMWU with the necessary capacities and resources to assist with the implementation, supervision and operation in co-ordination with the PWA of the actions listed under I.2.2 and I.2.3 given the specific context of the Gaza Strip. The expected results are better water and sanitation services, reinforcement of capacities and job creation.

###### *(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 CMWU.

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of grants without a call for proposals is justified because Palestine is acknowledged to be in "crisis situation" as referred to in Article 2(21) of the Financial Regulation, allowing for the use of flexible procedures in accordance with applicable provisions.

###### *(c) Essential selection and award criteria*

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call, design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

###### *(d) Maximum rate of co-financing*

The maximum possible rate of co-financing for this grant is 90%. If full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

*(e) Indicative trimester to conclude the grant agreement*

2nd trimester of 2019.

### 5.3.2.2 Renewable Energy for Water Infrastructure and Storm Management and Retention Basin

#### 5.3.2.2.1 Indirect management with the Palestinian Authority

A part of this action (related to the achievement of result 1.3 and 1.4 under section 4.1) with the objective of improving water supply and sanitation services in Gaza will be implemented in indirect management with the Palestinian Authority 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.

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..

### **5.3.3 Support to the Reform of the Water Sector**

#### 5.3.3.1 Procurement – Direct Management

| Subject in generic terms, if possible                              | Type (works, supplies, services) | Indicative number of contracts | Indicative trimester of launch of the procedure |
|--|----------------------------------|--------------------------------|---|
| Support to PWA for the establishment of the National Water Company | Services                         | 1                              | 3 <sup>rd</sup> trimester 2019                  |

### **5.3.4 Enhanced wastewater treatment in the West Bank**

#### 5.3.4.1 Completion of Tubas wastewater treatment plant and support to T-JWSSC Capacity and Sustainability

##### 5.3.4.1.1 Indirect management with the Palestinian Authority

A part of this action (related to the achievement of result 3.1 and 3.2 under section 4.1) with the objective of improving the wastewater treatment in Tubas Governorate through successful completion of the Tubas Tayasir Waste Water Treatment Plant and providing support to local service provider (T-JWSSC) may be implemented in indirect management 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.

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.

### **5.3.5 Increased energy sovereignty**

#### **5.3.5.1 Indirect management with an international organisation, World Bank**

A part of this action may be implemented in indirect management with the World Bank Group (IBRD-IDA). It relates to the achievement of result 4.1 and 4.2, which entail the support to PETL and Gaza health facilities as well as other institutions and entities operating in the energy sector, via PENRA as 'the recipient', as defined in the WB Project Appraisal Document (PAD) currently under review for its scaling up<sup>5</sup>.

The action may be implemented through contributing to the on-going, World Bank-implemented Multi-Donor Trust Fund (PID-MDTF) to which Norway, Sweden and other EU MSs already contribute. This modality of implementation is justified because the World Bank is the manager of the ongoing ESPIP Project<sup>6</sup>, under which the main components of the MoU Electricity's Implementation Plan are financed. Contributing to the ESPIP would ensure aid effectiveness and Palestinian Authority's ownership, while providing the EU with additional, substantial leverage in the sectoral policy dialogue.

The Multi-donor Trust Fund (MDTF) has both Bank executed and recipient executed components. The majority of activities would be executed by the Recipient as defined in the Project Appraisal Document (PAD) under the World Bank overall supervision, in the form of co-financing, technical assistance, capacity building and project preparation. The contractual arrangements with PENRA will be made by the World Bank.

The entrusted entity would carry out the following budget-implementation tasks: launching calls for tenders; definition of eligibility, selection and award criteria; evaluation of tenders and proposals; award of contracts; acting as contracting authority concluding, monitoring and managing contracts, carrying out payments, and recovering moneys due.

If negotiations with the above mentioned entrusted entity fail, the action may be implemented in indirect management with the Palestinian Authority. The implementation by this alternative entrusted entity would be justified in the light of past positive experience of the EU and EU Member States. The Palestinian Authority would act as Contracting Authority for the procurement and grant procedures. The Commission would control ex-ante all such procedures and remain responsible to execute payments.

### **5.3.6 Ancillary measures**

#### **5.3.6.1 Support to the implementation of Energy and Water projects through the Office of the Quartet**

##### **5.3.6.1.1 Indirect management with an international organisation**

A part of this action may be implemented in indirect management with UNOPS.

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<sup>5</sup> PENRA PMU will be responsible for the day to day management of the project on behalf of the recipient and PMU staff salaries and operational expenditures will be financed by the ESPIP project for two years. The World Bank has recently renegotiated with PENRA this point, so that as of 2020 PA budget the salaries of the PMU staff will be absorbed under PENRA's payroll.

<sup>6</sup> West Bank and Gaza: Electricity Sector Performance Improvement Project.

This implementation entails the signature of a Delegation Agreement with UNOPS with the objective to reinforce the capacity of the Office of the Quartet and to facilitate the dialogue between the Palestinian Authority (PA) and the Government of Israel (GoI) to positively develop the water and energy sector in particular in Gaza.

This implementation is justified because: i) the staffing of the Office of the Quartet (OQ) is managed through UNOPS; ii) the OQ's mandate includes to support Palestinian economic development and is the most appropriate vehicle to develop a solid dialogue between the PA and Government of Israel.

The entrusted entity would carry out the following budget-implementation tasks: launching calls for tenders; definition of eligibility, selection and award criteria; evaluation of tenders and proposals; award of contracts; acting as contracting authority concluding, monitoring and managing contracts, carrying out payments, and recovering moneys due.

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

If the indirect management mode cannot be implemented due to circumstances outside of the Commission’s control, the alternative implementation modality in direct management for the Components indicated below are the following:

| <i>Procurement (direct management)</i>    | <i>Type (works, supplies, services)</i> | <i>Indicative number of contracts</i> | <i>Indicative trimester of launch of the procedure</i> |
|---|---|---------------------------------------|--|
| <b>Component I.2.2</b>                    |   |                                       |  |
| Renewable Energy for Water Infrastructure | Service                                 | 1                                     | 2nd Trimester of 2019                                  |
| Renewable Energy for Water Infrastructure | Works                                   | 1                                     | 4th Trimester of 2019                                  |
| <b>Component I.2.3</b>                    |   |                                       |  |
| Storm Management and Retention Basin      | Service                                 | 1                                     | 2nd Trimester of 2019                                  |
| Storm Management and Retention Basin      | Works                                   | 1                                     | 4th Trimester of 2019                                  |

Alternative modalities are presented exclusively for the components entailing relevant risks of implementation unfeasibility, i.e. the works to be implemented in Gaza in indirect management with the Palestinian Authority.

**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 in accordance with Budget Article 9(2)(b) of Regulation (EU) No 236/2014 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

|   | EU contribution (EUR) | Indicative third party contribution (EUR) |
|---|-----------------------|---|
| 5.3.1.1.1 Indirect management with EIB, Gaza Central Desalination Plant First Tranche   | 10,000,000            | 237,400,000 <sup>7</sup>                  |
| 5.3.1.1.1 Indirect management with EIB, Project Management Architecture / Tendering Support                                       | 4,200,000             |   |
| 5.3.2.1.1 – Direct grant to CMWU (direct management)  | 300,000               | 33,333                                    |
| 5.3.2.2.1 – Indirect management with the Palestinian Authority, Renewable Energy for Water Infrastructure                         | 2,900,000             |   |
| 5.3.2.2.1 – Indirect management with the Palestinian Authority, Storm Management and Retention Basin                              | 1,600,000             |   |
| 5.3.3.1 Direct Management, establishment of the National Water Company  | 1,800,000             |   |
| 5.3.4.1.1 Indirect management with the Palestinian Authority, Completion of Tubas wastewater Treatment Plant (price revisions)    | 1,500,000             |   |
| 5.3.4.1.1 Indirect management with the Palestinian Authority, Support to T-JWSSC Capacity and Sustainability                      | 1,500,000             |   |
| 5.3.5.1 Indirect management with World Bank, Increased energy sovereignty   | 6,000,000             | 11,800,000 <sup>8</sup>                   |
| 5.3.6.1.1 Indirect management with UNOPS Support to the implementation of Energy and Water projects through Office of the Quartet | 1,000,000             |   |
| 5.8 Evaluation and 5.9 Audit  | 150,000               |   |
| 5.10 Communication and visibility <sup>9</sup>  | -                     |   |
| Contingencies   | 450,000               |   |
| <b>Total</b>  | <b>31,400,000</b>     | <b>249,233,333</b>                        |

## 5.6 Organisation set-up and responsibilities

### Component I.1: Gaza Central Desalination Plant

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:

<sup>7</sup> The indicative third party contribution is calculated on the basis of the expected cost of the Desalination Facility (EUR 302.5 million) and of the Programme Management costs (EUR 12 million to be co-funded by the IsDB) and in consideration of the total pledged EU contribution of EUR 77.1 million.

<sup>8</sup> Total indicative value of the new phase of the ESPIP Programme: EUR 17.8 million.

<sup>9</sup> Communication and Visibility requirements for this Action Document are covered under "Sustainable Economic Development and complementary measures" – ENI/2018/041-137.

- The European Investment Bank would supervise the construction of the Desalination plant and its power supply and would manage a Trust Fund relating to this Programme component.
- The World Bank would supervise the construction of the Associated Works and manage the 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 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 for the water sector in Palestine

#### *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.

#### *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.

#### Components I.2, II and III: Management of Water Resources in Gaza, Support to the reform of the water sector and Enhanced wastewater treatment in the West Bank

For each of the above components, a Steering Committee will be established, involving main stakeholders with the objective to oversee the various phases of project implementation and monitoring. Close co-ordination will be maintained with all the other donors, especially with relevant stakeholders in the Gaza Strip. For a transparent and effective implementation of the projects, Project Management Committees will also be established. Their mandate is to ensure technical standards, provide technical inputs and review project progress in bi-monthly or quarterly meetings.

#### Component IV: Increased energy sovereignty

The Multi-donor Trust Fund (MDTF) has both bank executed and recipient executed components. The majority of activities will be executed by the Recipient - PENRA -, as defined in the Project Appraisal Document (PAD), and under World Bank's overall

supervision. The contractual arrangements with PENRA will be responsibility of the World Bank.

Given the involvement of many donors in the MDTF, the EU will take part jointly with other contributors in the steering roundtable of the project, chaired by the World Bank and PENRA. Project's outputs will be monitored at least twice a year through Joint Supervision Missions based on the schedule proposed by the World Bank and PENRA and agreed by the donors. For performance reporting and monitoring, the PMU Director of PENRA, with the support of PENRA's Chairman, will be responsible for compiling the relevant data for each indicator and communicate it to the World Bank prior to each supervision mission.

#### Component V: Ancillary measures

With regards to the support to the Office of the Quartet (OQ) for the establishment of appropriate dialogue between the Palestinian Authority and the Government of Israel (via UNOPS), the activities will be monitored through a Steering Committee composed by EUREP, UNOPS, OQ, PWA and PENRA. The Steering Committee should meet to give guidance, to determine the short-term expected outputs and to monitor the activities implemented by the OQ.

#### **5.7 Performance 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 partners' responsibilities. To this aim, the implementing partners 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 log frame matrix (for project modality) or the list of result indicators (for budget support). 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.

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, different evaluations will 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. Indicatively, 1 contract for evaluation services shall be concluded under a framework contract or competitive negotiated procedure in the middle of the operational implementation and 5 contracts for evaluation services shall be concluded through framework contracts or competitive negotiated procedure in the end of the operational implementation.

## **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. Indicatively, 3 contracts for audit services might be concluded under a framework contract or competitive negotiated procedure during the operational implementation period or the closure phase of this action.

## **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 before the start of implementation and supported with the budget indicated in section 5.11 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, 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 Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Indicatively, one or two contracts for visibility and communication activities might be concluded under negotiated competitive procedure during the operational implementation period of this action. The related budget is included under the Visibility and Communication budget line of the "Sustainable Economic Development and enhanced governance" Action Document – ENI/2018/041-137 (pooling of AAP 2018 visibility and communication resources).

**[APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)<sup>10</sup>]**

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing Decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

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<sup>10</sup> Mark indicators aligned with the relevant programming document mark with '\*' and indicators aligned to the EU Results Framework with '\*\*'.

|                                   | Results chain   | Indicators  | Baselines<br>(incl. reference year)                          | Targets<br>(incl. reference year)        | Sources and means<br>of verification              | Assumptions |
|-----------------------------------|---|---|--|--|---|-------------|
| <b>Overall Objective (impact)</b> | Overall objective for West Bank and Gaza is to ensure the provision of self-sufficient, equitable, affordable and sustainable access to energy, safe water and sanitation services for all. **<br><br><i>(as per Joint Result Framework of the European Joint Strategy 2017-2020)</i> | International Health Regulations (IHR) capacity and health emergency preparedness. <i>(SDG indicator 3.d.1)</i>   | To be refined during project preparation                     | To be refined during project preparation | SDG Reports<br><br>PCBS quarterly indicators data |             |
|                                   |   | The quantity of water from conventional and unconventional water resources (in million cubic meters) is increased by 2023. <i>(from Joint Strategy 4.2.1.2 Specific Objective (SO 4.2.1.2) item a1)</i> | 2014:<br>Gaza Strip:<br>175,4 mcm<br>West Bank:<br>103,8 mcm | 5% by project completion                 | PA fiscal reporting, World Bank and IMF reports   |             |
|                                   |   | Proportion of population using safely managed drinking water services. <i>(SDG indicator 6.1.1)</i>   | To be refined during project preparation                     | To be refined during project preparation |   |             |
|                                   |   | Proportion of population with access to electricity. <i>(SDG indicator 7.1.1)</i>   | To be refined during project preparation                     | To be refined during project preparation |   |             |

|                                      | Results chain  | Indicators   | Baselines<br>(incl. reference year)      | Targets<br>(incl. reference year)   | Sources and means<br>of verification | Assumptions  |
|--------------------------------------|--|--|--|---|--------------------------------------|--|
| <b>Specific Objectives (outcome)</b> | 1. Improved <b>quality</b> and <b>sustainability</b> of water and energy services in Gaza and achievement of long-term solutions to secure water and energy for all in Gaza. | 1.1 Percent of Population benefiting from improved water and sanitation services in Gaza through a long term solution.                     | 0  | 2023: 25% Based on GCDP producing 55 MCM that will be blended                       | PCBS quarterly indicators data       | Rift between Gaza and the West Bank does not escalate further and PA retains a presence in Gaza.<br><br>No significant deterioration of the current political and security context.<br><br>Stakeholders remain committed to the project and related reforms.<br><br>PA and GoI are committed to proceed to the signature of PPA for high voltage electricity in the West Bank.<br><br>The mechanisms to facilitate political triangulation through co-ordination with EU Energy Working Group (EWG), the WB and Norway are in place, as well as OQ facilitation. |
|                                      |  | 1.2 The share of RE in use for Water & Sanitation Infrastructure in Gaza increases.  | 0  | + 10% of the energy mix used for existing water infrastructure included in Project. | PWA specific studies data            |  |
|                                      |  | 1.3 Delays/disruption due to power unavailability/power cuts in health facilities in Gaza  | To be refined during project preparation | To be refined during project preparation  | Specific impact assessment           |  |
|                                      | 2. Support to the Water Reform by contributing to the establishment and operation of the National Water Company (NWC)  | 2.1 Status of institutional arrangement for the establishment and operation of the National Water Company (NWC) beyond project end.        | NOT in Place                             | Established   | Baseline Surveys                     |  |
|                                      | 3. Secure efficient Sanitation Services in Tubas Governorate by completing the Tubas Waste Water Treatment Plant, ensuring its sustainable operationalisation.               | 3.1 Percentage of tariff collected vs. total management, operation, and maintenance costs of WWTP and related services.                    | Less than 50%                            | 75% by 2021   | Partner Reports                      |  |
|                                      | 4. To enhance the energy sector's institutional, planning and credit worthiness <b>capacities</b> .  | 4.1 The Palestinian Electricity sector restructuring process <b>progresses</b> towards full control over the Palestinian electricity grid. | To be refined during project preparation | To be refined during project preparation  | Mid Term / Final Review              |  |
|                                      |  |  |  |   | PENRA, PETL, PERC yearly reports     |  |
|                                      |  |  |  | MoH, WHO yearly reports   |                                      |  |

|                              | <b>Results chain</b>   | <b>Indicators</b>  | <b>Baselines<br/>(incl. reference year)</b> | <b>Targets<br/>(incl. reference year)</b>       | <b>Sources and means<br/>of verification</b>   | <b>Assumptions</b>   |
|------------------------------|--|--|---|---|--|--|
| <b>Results<br/>(outputs)</b> | Result 1.1: Long Term Water Supply solution is launched through Gaza Central Desalination Plant tendering, award and commencement.                       | 1.1.1 GCDP Supply and Installation Contract is Signed and Construction is Commenced  |   |   | Signed Contract<br>Commencement Order<br>Partner and PWA reports<br>Project monitoring reports | Availability of funds<br>Quality of the work provided by the contractors   |
|                              | Result 1.2: Water & Sanitation Services are protected through support to CMWU to become more efficient, sustainable and economically viable.             | 1.2.1 CMWU Successfully completes Supervision Services for the two projects : (1) Renewable Energy for Water Infrastructure and (2) Storm Management and Retention Basin |   |   | PWA reports<br>CMWU reports<br>Project monitoring reports                                      | Delays in approval from COGAT for the entry of materials in Gaza<br>Appropriate staff recruited for the project) |
|                              | Result 1.3: Water Supply and Sanitation is increased by equipping selected existing Water and Sanitation infrastructure with renewable energy equipment. | 1.3.1 Number of people benefitting from improved water and sanitation services<br>1.3.2 Number of Facilities Equipped with RE  | 0<br>0                                      | 220,000 people by 2020<br>Minimal 15 Facilities | CMWU Registry and Books  | Willingness of the citizens to change behaviour<br>Willingness of PA and GoI to collaborate                      |
|                              | Result 1.4: Water Supply is improved by using storm water management and retention basin to support the recharge of the Gaza Aquifer.                    | 1.4.1 Number of people benefitting from improved water and sanitation services   | 0   | 20,000 people by 2020                           | Specific reports   |  |
|                              | Result 2.1: Establishment and operation of the National Water Company (NWC).   | 2.1.1 NWC is Established   | NOT in Place                                | Established and operational by 2021             |  | Willingness of PA to Commit to Water Reform  |
|                              | Result 3.1: Sanitation in Tubas is secured through successful  | 3.1.1 Closure of Tubas Tayasir Wastewater Treatment Plant  | Open  | 100% Contract                                   |  | Quality of the work provided by the  |

|  | Results chain  | Indicators   | Baselines<br>(incl. reference year)      | Targets<br>(incl. reference year)        | Sources and means<br>of verification   | Assumptions   |
|--|--|--|--|--|--|---|
|  | completion of the Tubas Tayasir Waste Water Treatment Plant by financing the required price revisions.   | Contract   |  | completion by 2019.                      |  | contractors<br>Agreement on variations if any within 15% of Contract Price                      |
|  | Result 3.2: Sanitation and support to local service providers is secured by the increase of households' connections and service areas to the water/wastewater distribution system and by supporting the T-JWSSC in becoming economically viable. | 3.2.1. Number of people benefitting from improved water and sanitation services<br>3.2.2 % of Household connections connected to Sewer Network | 0<br>0                                   | 57,000 by 2021<br>75% by 2021            | Project monitoring reports<br>Steering Committees' Minutes<br>Ad hoc reports<br>T-JWSSC and WBWD records | Willingness of PA to Commit to Water Reform<br>Commitment of T-JWSSC and financial stability    |
|  | Result 4.1: PETL operations as single buyer of the electricity market are enabled.   | 4.1.1 PA's financial leakages from the electricity sector are accountable and show a downward trend (tbc, as per PDO matrix from the WB)       | To be refined during project preparation | To be refined during project preparation | PENRA's implementation reports (at least biannual)<br>PETL's yearly reporting                            | Willingness of PA to Commit to Electricity Reform<br>Commitment of PETL and financial stability |
|  |  | 4.1.2 PETL's capacity to forecast investments is reliable and systematic (tbc, as per PDO matrix from the WB)                                  | To be refined during project preparation | To be refined during project preparation | WB MDTF ESPIP Aide Memoires, Joint Supervision missions (at least biannual)<br>Intermediate reviews      |   |
|  | Result 4.2: A sustainable response to the energy deficit of health facilities and vulnerable groups in Gaza is fast tracked and  | 4.2.1 Number of hospitals, clinics, and HHs with home care health appliances requiring uninterrupted power supply,                             | To be refined during project preparation | To be refined during project preparation | PENRA's implementation reports (at least   | Commitment of PENRA in Gaza<br>Accessibility to   |

|  | <b>Results chain</b>   | <b>Indicators</b>   | <b>Baselines<br/>(incl. reference year)</b> | <b>Targets<br/>(incl. reference year)</b>     | <b>Sources and means<br/>of verification</b>  | <b>Assumptions</b>   |
|--|--|---|---|---|---|--|
|  | implemented through RE and EE technology.  | benefitting of Energy Efficiency (EE ) audit and EE improvement plan.   |   |   | biannual)<br>WB MDTF ESPIP Aide Memoires, Joint Supervision missions (at least biannual)<br>Intermediate reviews  | premises object of EE audits, availability of experts to run the EE audits   |
|  |  | 4.2.2 The total amount of diesel or electricity saved by hospitals, clinics, and HHs with home care health appliances requiring uninterrupted power supply, as a result of the roll out of the EE audit and implementation plan | To be refined during project preparation    | To be refined during project preparation      | WB MDTF ESPIP Aide Memoires, Joint Supervision missions (at least biannual)<br>Intermediate reviews as applicable | No delays in approval from COGAT for the entry of materials in Gaza<br>Co-ordination with MoH database in Gaza and PENRA is in place |
|  | Result 5.1: On-going and prospective water and energy infrastructure projects are expedited through OQ-facilitated negotiations. | 5.1 Number of agreements (formal/informal) on dual use and staff material movement initiated by OQ and signed   | 0 agreements (formal/informal) signed       | minimum 2 agreements (formal/informal) signed | Copy of Agreements and Project Reports  | Willingness of PA and GoI to collaborate   |



**ANNEX 2**

of the Commission Implementing Decision on the annual action programme in favour of Palestine<sup>1</sup> for 2018 (including one action on budget 2019 and 2020)

**Action Document "Support to sustainable economic development and enhanced governance"**

**INFORMATION FOR POTENTIAL GRANT APPLICANTS**

**WORK PROGRAMME FOR GRANTS**

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

|  |   |               |
|--|---|---------------|
| <b>1. Title/basic act/<br/>CRIS number</b>                 | Support to sustainable economic development and enhanced governance<br>CRIS number: ENI/2018/041-137<br>financed under European Neighbourhood Instrument  |               |
| <b>2. Zone benefiting<br/>from the<br/>action/location</b> | Palestine<br>The action shall be carried out at the following location: West Bank and Gaza Strip  |               |
| <b>3. Programming<br/>document</b>                         | European Joint Strategy in support of Palestine 2017-2020 – Towards a democratic and accountable Palestinian State  |               |
| <b>4. Sector of<br/>concentration/<br/>thematic area</b>   | Pillar V - <i>Sustainable Economic Development</i><br><i>Complementary measures (civil society, capacity development and institution building)</i>  | DEV. Aid: YES |
| <b>5. Amounts<br/>concerned</b>                            | Total estimated cost: EUR <b>47,498,290</b><br>Total amount of EU budget contribution: EUR <b>29,828,867</b> . For the financing of Component 2, Result 2.2 (Improved access to essential social and public infrastructure in Area C), the Commission will be entrusted with the responsibility of managing a EUR 1,878,867 contribution transferred by the Government of Denmark after the signature of the corresponding transfer agreement, in accordance with the procedures applicable to the expenditure of the European Union. |               |



|  |  |
|--|--|
|  | <p>This action (under Components 1, 2 and 4) is co-financed by potential grant beneficiaries for an indicative amount of EUR <b>2,669,423</b>.</p> <p>Moreover, under component 4, the part of the action in indirect management is co-financed in joint co-financing by:</p> <ul style="list-style-type: none"> <li>- the Netherlands for an indicative amount of EUR 7.5 million</li> <li>- Sweden for an indicative amount of EUR 6 million</li> <li>- Spain for an indicative amount of EUR 1.5 million (earmarked funding).</li> </ul>  |
| <b>6. Aid modality(ies) and implementation modality(ies)</b> | <p>Project Modality</p> <p><b>Support to Sustainable economic development:</b></p> <p><u>Component 1: Enhancing Gaza economic resilience</u></p> <p>Direct Management – Grants - Direct awards</p> <p>Direct Management – procurement of services</p> <p><u>Component 2: Supporting Palestinian presence in Area C</u></p> <p>Direct Management – grant - direct award</p> <p>Indirect Management with UN-Habitat</p> <p><u>Component 3: Promoting an energy-sustainable Palestinian industry</u></p> <p>Indirect management with the United Nations Industrial Development Organisation (UNIDO)</p> <p><b>Support to enhanced governance:</b></p> <p><u>Component 4:</u></p> <p>Indirect Management with the United Nations Development Programme (UNDP) in joint programme with UNWomen and United Nations Children's Fund (UNICEF)</p> <p>Direct Management - Call for Proposals and Direct Award</p> |
| <b>7 a) DAC code(s)</b>                                      | <p><b>Support to Sustainable Economic Development:</b></p> <p>32130 - Small and Medium-sized enterprises (SME) development</p> <p>43010 - Multisector Aid</p> <p>43030 - Urban Development and Management</p> <p>32120 - Industrial development</p> <p>23110 - Energy policy and administrative management</p> <p>23183 - Energy conservation and demand-side efficiency</p> <p><b>Support to enhanced governance:</b></p> <p>15130 - Legal and judicial development</p> <p>15150 - Democratic participation and civil society</p> <p>15160 - Human rights</p>   |
| <b>b) Main Delivery Channel</b>                              | <p><b>Support to Sustainable Economic Development:</b></p> <p>International Non-Governmental Organisations (NGOs): 21000</p> <p>UN-Habitat: 41000</p> <p>UNIDO: 41123</p>  |

|  |   |                          |                              |                          |
|--|---|--------------------------|------------------------------|--------------------------|
|  | <b>Support to enhanced governance:</b><br>UNDP/UNWomen/UNICEF: 41000<br>Civil Society Organisations: 20000<br>Public Sector Institution: 10000  |                          |                              |                          |
| <b>8. Markers (from CRIS DAC form)</b>                                 | <b>General policy objective</b>   | <b>Not targeted</b>      | <b>Significant objective</b> | <b>Main objective</b>    |
|  | Participation development/good governance   | <input type="checkbox"/> | x                            | <input type="checkbox"/> |
|  | Aid to environment  | <input type="checkbox"/> | x                            | <input type="checkbox"/> |
|  | Gender equality (including Women In Development)  | <input type="checkbox"/> | x                            | <input type="checkbox"/> |
|  | Trade Development   | <input type="checkbox"/> | x                            | <input type="checkbox"/> |
|  | Reproductive, Maternal, New born and child health   | x                        | <input type="checkbox"/>     | <input type="checkbox"/> |
|  | <b>RIO Convention markers</b>   | <b>Not targeted</b>      | <b>Significant objective</b> | <b>Main objective</b>    |
|  | Biological diversity  | x                        | <input type="checkbox"/>     | <input type="checkbox"/> |
|  | Combat desertification  | x                        | <input type="checkbox"/>     | <input type="checkbox"/> |
|  | Climate change mitigation   | x                        | <input type="checkbox"/>     | <input type="checkbox"/> |
| Climate change adaptation  | <input type="checkbox"/>  | x                        | <input type="checkbox"/>     |                          |
| <b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b> | Human Development - Environment and Climate Change  |                          |                              |                          |
| <b>10. SDGs</b>  | <b>Support to Sustainable economic development:</b><br>SDG 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.<br>SDG 9 - Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.<br>SDG 11 - Make cities and human settlements inclusive, safe, resilient and sustainable.<br>SDG 12 - Ensure sustainable consumption and production patterns<br><b>Support to enhanced governance:</b><br>SDG 5 - Achieve gender equality and empower all women and girls.<br>SDG 16 - Promote just, peaceful and inclusive Societies; |                          |                              |                          |

#### **SUMMARY**

The proposed Action supports – through 3 Components - 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”. It also includes a component to enhance governance through support to human rights, democratisation and rule of law.

The EJS is closely aligned to the Palestinian National Policy Agenda (NPA) 2017-2022 and to the Sustainable Development Goals and - through the first three Components - intends to

operationalise its objective of promoting inclusive, sustainable and private sector-led development and equitable access to natural resources. This is expected to contribute to enhance the economic independence of Palestine, as well as employment and economic prospects for its citizens, especially the youth.

The Action proposes as Component 1 a Gaza-specific intervention, designed to address the current political and economic context in the Strip and developing the concept of Humanitarian/Development nexus for the promotion of productive investments. Component 2 is dedicated to reaffirming EU support to Palestinians communities in Area C, through a two-pronged intervention aimed at consolidating and strategically expanding the work already carried out - in collaboration with Member States - in the planning and infrastructure sectors, with the objective of enabling provision of services and accelerated economic development. Component 3 focuses on the development of the Energy Efficiency and Renewable Energy sectors' potential, stimulating entrepreneurship and innovation, as well as tackling institutional bottlenecks.

Lastly Component 4 of this action aims to enhance governance by 1) improving access to a better justice system by strengthening rule of law institutions and ensuring enhanced access to justice, particularly for vulnerable groups; 2) supporting human rights defenders and human rights organisations and their advocacy at different levels; 3) enhancing civic participation and initiatives related to electoral processes.

## **1 CONTEXT**

### **1.1 Sector/Country/Regional context/Thematic area**

Palestine is home to some 4.8 million people, of which 2.9 million live in the West Bank (including East Jerusalem) and the remaining 1.9 million live in the Gaza Strip<sup>2</sup>. Two out of five Palestinians living in Palestine are refugees.<sup>3</sup> 47% of the population is under 17 years old and 71% of the population is younger than 30, while around 5% is over 60 years old.

Palestine has been marked by the ongoing Palestinian-Israeli conflict, as well as by the disruption of fifty years of occupation and the progressive fragmentation of its territory, including the illegal annexation of East Jerusalem.

This takes place in the context of growing governance challenges on the Palestinian side. The last general elections were held in January 2006 and the Gaza Strip came under the *de facto* control of Hamas in 2007. The movement restrictions imposed by Israel on the Gaza Strip since the early 1990s intensified in June 2007 with its closure and imposition of the land, air and sea blockade.

Palestine is a Lower Middle Income Country. In terms of Human Development Index it is one of the better-off Arab States in the region and it was ranked 114 out of 188 countries in 2016. Still, longer term reforms, which are key for the Palestinian economy and the Palestinian Authority's sustainability over time, need to be addressed. The relative size of the Palestinian Authority's wage bill (15% of Gross Domestic Product (GDP) is among the highest in the world and Palestine's pension system remains unsustainable. In 2017 the unemployment rate

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2 Palestinian Central Bureau of Statistics (PCBS), 2018 – Preliminary results of the Population, Housing and Establishments Census 2017.

3 Approximately 70% of the estimated population in Gaza are registered Palestine refugees.

in Palestine raised to 27%, reaching 48% in Gaza. It disproportionately affects youth and recent graduates. Only 40% of those aged between 15 and 29 are active in the labour market, with dramatic differences in participation by gender (29% of female in 2016). In 2011, the last year for which data are available, the poverty rate was about 17.8% for the West Bank and 38.8% for Gaza Strip.

With regards to Gaza, three armed conflict in 7 years (2008/2009, 2012, 2014) caused large-scale destruction. One million Gazans are now moderately-to-severely food insecure, approximately 40% of Gazans live below the poverty line and 80% of Gaza's population depends on humanitarian assistance. Youth, as well as women and female-headed households, who suffer from reduced access to livelihood resources, health care and education opportunities, are disproportionately affected unemployment.

Palestinian economic development and political relations with Israel are strictly linked, as Palestine runs under the framework of an uneven customs and monetary union with Israel. It has no control over its own borders and suffers from restrictions and controls on the movement of its people, goods and resources (land, water, etc.). As an example on how those controls affect the development of the Palestinian economy, there are dual use lists of items applied by Israel for security reasons on imports into the West Bank and, with additional limitations, to Gaza, that contain broad categories of products going beyond internationally established practices on import: this limits the access of Palestinian manufacturers to intermediary goods and hampers their operations. Consequently, the Palestinian Authority (PA) has limited control over the majority of its revenues and experiences substantial losses under the current revenue sharing arrangements.

The Oslo Accords, under which the Palestinian Authority was created in 1994, were intended to lead to a final negotiated settlement between the parties. More than twenty years after, the Palestinian Authority, which has operated as a transitional authority with limited jurisdiction since its creation, has full administrative, judicial and security jurisdiction only in 18% of the West Bank i.e. in Area A.

According to the Oslo agreements, Israel was to retain control over law enforcement, planning and construction in Area C for an interim period of 5 years. Area C represents over 60% of the West Bank and is inhabited by an estimated 300,000 Palestinians living in approximately 540 communities, 283 of them entirely or mostly in Area C. Area C is crucial for the two-state solution as it ensures contiguity of land and space for Palestinian social and - even more importantly - economic development. The most abundant and important natural resources of the West Bank (valuable grazing and agricultural land, water and mineral resources and stones and marble quarries) are located in Area C, making this territory the cornerstone of any sustainable Palestinian economy. According to the World Bank, restrictions on economic activity in Area C are vastly hampering Palestinian economic potential, as full access and unimpeded freedom of movement for Palestinians in Area C could result in a 35% GDP growth, an equivalent decline in unemployment and an increase in revenues in the region of D USD<sup>4</sup>.800 million.

The development of Palestinian communities in Area C is affected by the continuous expansion of Israeli settlements and the restrictive legal systems imposed by Israel. Under such conditions, development prospects for Palestinians in Area C are denied. Their access to basic services is limited, resulting in precarious living conditions. Demolitions of homes and

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<sup>4</sup> World Bank - Economic Monitoring Report to the AHLC - September 19, 2016.

livelihood structures cause increased socio-economic vulnerabilities<sup>5</sup>. Palestinian population in Area C constitute one of the most vulnerable and marginalised groups in the West Bank.

As a consequence of intra-Palestinian split, the work of the Palestinian Legislative Council (PLC) was suspended. No new legislative measures have been adopted by the PLC, with legal acts being promulgated instead by presidential decrees applicable only to the West Bank. In the Gaza Strip, Hamas has been enacting laws by convening a PLC through a proxy system. The absence of a mechanism for parliamentary oversight severely reduces the introduction of much needed legislative reforms. In 2014, the PLO became party to an additional 33 international legal instruments including 7 core Human Rights conventions, without any reservations, which is unprecedented in the Arab region. In total Palestine acceded to date to 54 international treaties.

A renewed push towards reconciliation started in September 2017 with the mediation of Egypt, resulting in the PA Prime Minister and his cabinet convening in Gaza on 2 October 2017, for the first time since 2014. However, latest developments seem to suggest that chances for a long-term solution of the intra-Palestinian division remain slim.

The space for civil society and in particular for human rights organisations is shrinking. The PA on 24 June 2017 signed the Cyber Crime Law without consultation with civil society. Since then the law has allegedly been used to block a number of websites, including the posting of news or opinions critical of the Palestinian Authority. At the same time, Israeli violations included detention of Palestinian journalists (some of them being held in administrative detention without formal charge), obstruction of their work and movement and raids against media centres in the West Bank. Israeli authorities have also been arresting and persecuting Palestinians who write or publish statements interpreted by them as inciting against the occupation or Israel.

### **1.1.1 Public Policy Assessment and EU Policy Framework**

The Palestinian Authority *National Policy Agenda 2017-2022 Putting Citizens First* (NPA) contains three pillars describing the strategic direction of the government: path to independence; government reform; and sustainable development. On the basis of key national priorities, sector policies have been defined to improve the quality of life of the Palestinian people, while continuing efforts to attain Statehood.

The *European Joint Strategy in Support of Palestine 2017-2020 – Towards a democratic and accountable Palestinian State* (EJS) is closely aligned with the NPA. Pillar V of the EJS "Sustainable Economic Development" has as overall objective to promote inclusive, sustainable, and private sector led development and equitable access to natural resources, paving the way to economic independence. In line with the revised European Neighbourhood Policy and the EU Global Security Strategy, the EU Action Plan on Human Rights and Democracy 2015-2019<sup>6</sup>, and the EU Human Rights and Democracy Country Strategy, the EJS also underlines the importance of strengthening rule of law and respect for human rights.

Following political discussions at the level of Foreign Ministers, the EU has started to undertake a review of the modalities of the European Union's engagement in Israel and

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<sup>5</sup> In 2017, 423 structures were demolished or seized by Israel in Area C. Of the 270 structures demolished, 80 (30%) were funded by the EU and its Member States, for a value of about EUR 270,000. Also in 2017, over 100 EU-funded structures - worth about EUR 1 million - were placed under threat of demolition (i.e. were served with stop work or demolition orders).

<sup>6</sup> Action Plan on Human Rights and Democracy (2015-2019) "*Keeping human rights at the heart of the EU agenda*" JOIN(2015) 16 final, Brussels, 28.4.2015.

Palestine to ensure that all EU actions are supporting the achievement of a two-state solution. The review outcome might help in redirecting some interventions for the sake of increased effectiveness in the areas touched upon by the Action Document.

With regards to the Gaza Economic Resilience component, this is in line with Council Conclusions of 19 May 2017 on *Operationalising the Humanitarian-Development Nexus* and aims to enhance economic opportunities for most vulnerable groups in the light of the situation of the Strip.

The Palestinian Authority has recently approved its new *Strategic Framework for Area C "Support Resilience and Development" for 2018-19*. This is fully aligned with the three NPA pillars. The PA priorities in Area C include the following: 1) provision of legal and advocacy efforts to strengthen Palestinian sovereignty in Area C; 2) increase village councils and local government units' number and geographical coverage, strengthening their capacity and expanding their mandate to improve responsiveness and social cohesion through (i) local and regional planning (ii) land registration and (iii) capacity to provide basic services at the local level; 3) incorporate Area C in sustainable development through (i) economic inclusion (i.e. housing and agriculture development) and (ii) provision of improved basic social and infrastructure services.

Comprehensive development of the industrial policy is among the priorities of the *Ministry of National Economy* (MoNE) in its *2017-202 Sector Strategy* approved in 2017. There is a strong focus on the development of Micro and Small Sized Enterprises (MSMEs) to enhance competitiveness of Palestinian products in local and external markets with the aim to secure increasing employment opportunities especially for youth and women. The MoNE strategy aims to grow the contribution of the industrial sector to the GDP from the current 15.7% to 25% in ten years, mainly through: i) implementation of the national export strategy, ii) industrial modernisation, iii) enhancing the competitiveness of the Palestinian products, iv) introducing the Palestinian Bar Code, v) building the capacity of the Palestinian Standards Institute and vi) enhancing energy efficiency and renewable energy sources for Palestinian Industries.

The *2017-2022 Justice Sector Strategy* defines key priorities for reforms and includes clarifications on roles and mandates within the PA. Various committees have also been set up through presidential ordinance to address key reforms, such as the revision of specific laws passed, and amend key laws, such as the Judicial Authority Law (JAL). An inter-institutional committee was also established to harmonise domestic legislation with the international treaties Palestine acceded to in 2014.

In 2014, the Palestinian Authority released its *"Guidance Document on Integrating Human Rights in the Palestinian Development Plan"*, with a view to integrate human rights in all sectors of NPA by promoting a rights-based development. Also in April 2014, Palestine acceded without reservations to *seven core international human rights treaties*<sup>7</sup> accepting the ensuing legal obligations.

The Central Electoral Commission (CEC) is an independent, permanent body established by the Palestinian Elections Law and mandated with organizing and conducting elections, both

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7 These treaties include: 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.

Presidential and Legislative. It is also responsible to conduct and supervise local elections, which were held in 2017. An *EU election expert mission* deployed during the 2017 local elections made recommendations for improving the electoral process which this action will support. As a permanent institution, CEC's work includes before and after elections activities as its long-term strategy focuses on the concept of the electoral cycle. As such, the CEC works to strengthen the electoral culture through awareness raising activities and electoral knowledge, with the aim of contributing to institute the principles of democratic governance. Notably the CEC covers also Gaza and East Jerusalem, (although the latter to a lesser extent due to Israeli policies).

### **1.1.2 Stakeholder analysis**

With regards to the *Component 1: Gaza Economic Resilience*, the institutional stakeholder is the Palestinian Ministry of National Economy. The choice to address private sector needs falling across both the humanitarian and development spectrum, implicitly defines the final beneficiaries: vulnerable population (both refugees and non-refugees) currently supported only by humanitarian interventions, in need of sustainable livelihoods based on stronger organisational and productive capacities and more effective links with local markets. A number of different direct beneficiaries implement activities in support of vulnerable communities, ranging from United Nations Agencies to other International Organisations (ICRC), INGOs, local NGOs, as well as safety net organisations with political-religious affiliations. INGOs and their local partners are the only potential implementing partners with the capacities, sector knowledge and local acceptance who can realistically work in the complex context of Gaza. Three consultations were carried out both in Jerusalem and Gaza with ECHO partners (Oxfam International, Action Against Hunger, Norwegian Refugee Council, Première Urgence Internationale), gathering information on possible areas of intervention. Bilateral talks were also held with the International Committee of the Red Cross (ICRC) in order to explore the operational framework of their interventions on micro-economic activities. The selected implementing partner will be required to design the action adopting participatory approaches, including final beneficiaries, local partners and other relevant civil society stakeholders, ensuring for each of them a clear role in the overall programme governance.

The key national partner for support to *Area C (Component 2)* is the Ministry of Local Government (MoLG). The Ministry of Local Government is the institutional and political umbrella for the preparation of spatial planning interventions with and for Palestinian communities in Area C, represented by Local Authorities. The Israeli Civil Administration (ICA) will be approached through local communities' representatives. The Ministry of Local Government will be engaged in policy and technical discussions for the preparation of the spatial-economic interventions at the individual and cluster levels. The Ministry of Local Government as the leader for local governance needs to be supported for further institutionalisation of the spatial planning functions within its structure. The inter-institutional management, including internal co-ordination, reporting and planning of budgets for Local Authorities in Area C are inadequate and should be improved. As also technical capacities are limited, the Ministry of Local Government and Local Authorities will be provided with technical assistance to reinforce prioritisation and to support local communities in the technical discussions with the ICA. The Land and Water Settlement Commission (LWSC) is also a stakeholder, being the public institution responsible for issues related to land ownership and registration. The land sector reform remains an essential issue to be addressed in Area C

and beyond, and supporting the efforts of the LWSC will contribute to the long-term potential of the Action. The commitment of the public stakeholders are reflected in the approved Strategic Framework for Area C "*Support Resilience and Development*" for 2018-19, which includes a detailed action plans for the Ministry of Local Government and LWSC in Area C. Downstream stakeholders also include Local Government Unit, or Village Council at the local level, along with representatives from the local community, including NGOs and Community-based Organisations. Representatives of the civil society and academia were consulted about the scope of the work and included among possible local partners. For instance, in the land right activities, academic institutions are conducting the field work related to land surveys in partnership with targeted Local Authorities.

The stakeholders for *Component 3* are the Palestinian Energy and Natural Resources Authority (PENRA), its Energy Efficiency Unit (EEU), the Palestinian Electricity Regulatory Council (PERC), the Palestinian Electricity Transmission Company Limited (PETL), the Distribution Companies (DISCOs), the Palestinian Standards Institution (PSI), the Palestinian Federation of Chambers of Commerce, Industry and Agriculture (FCCIA) and the Palestinian Federation of Industries (PFI). In addition financial institutions would be engaged to provide financing options while the Palestine Investment Promotion Agency (PIPA) will also be approached to provide incentives and packages for enterprises expanding operation and/or investing in Energy Efficiency/Renewal Energy (EE/RE). The Sustainable Energy Association, the Federation of Renewable Energy Industries (FREI) and the Palestinian Solar and Sustainable Energy Society (PSSSES) will also be involved to promote RE and energy management trainings. The targeted businesses in the West Bank are mostly in the furniture and food sector, whereas in Gaza the construction, food, and textile industries.

The design of this intervention involved the civil society institutions through two consultation sessions with key focus on private sector organisations and academia to ensure it is responsive to the priorities of the targeted beneficiaries.

With regards to *Component 4*, in the field of *rule of law*, the *Palestinian justice system* comprises a multitude of PA institutions<sup>8</sup>. The Bar Association is also a key institution although it is not considered a public sector institution. The Ministry of Justice, High Judicial Council and Attorney General/Public Prosecution Office suffer from lack of legislative clarity on mandates and responsibilities that undermines judicial and prosecutorial independence, inadequate legal frameworks, limited budgets and capacity, understaffing and poor specialisation. In Gaza, a parallel system with own institutions and legal framework exist. The technical limitations of Gaza institutions are aggravated by poor governance by Hamas, disconnection from the West Bank and the consequence of three wars. The UN agencies have been an important stakeholder in support to rule of law over the last decade. They have the ability to simultaneously reach out to Gaza and the West Bank, including marginalised areas such as East Jerusalem, Hebron and Area C. Civil society is a key stakeholder and driver to promote accountability and reforms. A key stakeholder is the CSDP mission EUPOL COPPS. The aim of the EUPOLCOPP Mission is to contribute to the establishment of sustainable and effective policing arrangements and to advise Palestinian counterparts on criminal justice and rule of law related aspects under Palestinian ownership, in accordance with the best international standards and in co-operation with the EU institution-building

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<sup>8</sup> including the Ministry of Justice, High Judicial Council, Public Prosecution, Palestinian Judicial Institute, Independent Commission for Human Rights, the Military Justice Authority, Palestinian Anti-Corruption Commission, Bureau of Legal Opinion and Legislation and the Higher Council of Family Courts (also referred to as Sharia Courts), the High Constitutional Court.



programmes conducted by the European Union and with other international efforts in the wider context of the security sector, including criminal justice reform.

With regards to *Human Rights*, the direct beneficiaries will be primarily well-established local and international human rights organisations with technical and operational capacity to monitor record and advocate on human rights violations at all levels. Co-ordination with international organisations and public partners, whenever possible, is also important to promote awareness and advocacy efforts. Two civil society consultations were held with local and European human rights organisations during the identification phase- also attended by some EU MS- and formulation phase to define the main thematic interventions and scope of support in response to the common challenges that Civil Society Organisations (CSOs), mainly human rights organisations are exposed to including aggressive political and media campaigns to delegitimise their work and restrictive measures imposed on their operational space undermining their mission and fundamental rights. The participants expressed a number of priorities mainly support to freedom of expression, human right organisations and defenders, advocacy on human rights violations, as well as promotion of accountability and fighting impunity. These aspects are largely addressed by the action. Participants emphasised on the need to have a strategic action at this time with common approaches and consolidated efforts.

With regard to *democratisation and elections*, the key stakeholders are the Central Election Commission which is still in need of support to professionalise the staff, the Ministry of Local Government, political factions, CSOs, media, women, youth (including through work with universities and schools), and notably under-represented men and women groups in remote areas in the West Bank and Gaza.

### **1.1.3 Priority areas for support/problem analysis**

#### ***Support to Sustainable Economic Development***

Today Gaza is synonymous with complex and protracted crisis. Isolated from the rest of the world, the economy of Gaza is a close system undergoing a process of continuous contraction. 10 years of Hamas rule, Israeli closure, three wars, a stalled reconstruction effort, ongoing political instability, PA-enforced salary cuts and a pervasive energy crisis, all contribute to a scenario of de-development for nearly 2 million people. Gaza produces very little and depends on transfers, with an economy mainly geared to services and consumption and multiple market distortions affecting the allocation of productive factors and ultimately eroding the productive base day by day. With the aim to increase allocative efficiency and reach a better equilibrium, ongoing activities of humanitarian partners in support of micro-small businesses (both agricultural- and non-agricultural-based) suggest there is additional room for productive investments potentially capable to capture the existing internal demand.

The issues of land use, construction planning and permits, regulations and economic development are inextricably linked in Area C. Concerted efforts to develop and – through the Israeli Civilian Administration (ICA) system – get spatial plans approved in Area C continue to expand in scope and coverage, encountering progressively more complex issues and moving steadily towards economic development considerations. The spatial plans also enable concrete land development, either through their approval, or through principled donor policies that support social infrastructure investment after a defined period of submission to the ICA has passed. As of now, there are only 5 plans formally approved by the ICA, 7 announced for public objection and 89 still in technical discussion. Among the latter, 86 plans are at technical discussions stage since more than 18 months. All foreseen social and public

infrastructure projects under this Action will be located within the boundaries of outline plans developed by Palestinian communities in Area C and submitted to the Israeli Civil Administration (ICA) for more than 18 months without having raised major objections. The selection of the projects is based on action plans and priority lists developed by the beneficiaries, jointly reviewed and approved by a Programme Steering Committee. Next to planning lie the crucial issues of land ownership and registration in Area C and support is needed also to enhance Palestinian capacity of comprehensive land governance in Area C. Mirroring the master-planning approach, Palestinian landowners will be supported in the registration process in accordance with applicable systems, so to be able – after completion of the registration procedures by the Land and Water Settlement Commission (LWSC) – to receive registration certificates that could be presented to the Israeli Authorities. Next to the technical support, co-ordinated advocacy is necessary to promote substantial changes in the restrictive land system of Area C.

Energy shortages and high costs have become the permanent reality of most Palestinian SMEs, especially in the furniture, food and metal sectors. The Action will support measures to decrease costs and support competitiveness through: i) increasing the electricity supply through renewable energy and combined heat and power applications and ii) improving the energy management and energy conservation practices at the enterprise-level. The implementing partner will take an “EE First” approach where interventions will be implemented first to reduce energy consumption before considering RE options to meet the supply gap. The action will primarily develop and use locally-driven EE/RE solutions and technologies available on the local market and customised to the Palestinian context. The project will also provide innovation and entrepreneurship support for Palestinian energy service providers and clean tech start-ups to develop these solutions and applications.

### ***Support to enhanced governance***

In a deteriorating rule of law context, significant efforts are needed to promote fundamental reforms, increase access to justice across Palestine, make duty bearers accountable and justice processes transparent and fair, reintegrate legal, judicial and security institutions between the West Bank and Gaza. Structural organisational reforms are needed to address understaffing and limited budget and capacity. The legal framework still fails to protect women and girls’ rights. With few exceptions, specialisation of judges and lawyers remains to be developed. Referral mechanisms between the various security and justice institutions are still weak. In Area C, victims often resort to the informal justice system. The implementation of the 2016 Juvenile Protection Law is still limited. In a context of increasing human rights violations from the PA, Israel and Hamas, the demand of legal assistance, is high and the adoption of a national legal aid system is a priority even in the challenging context of fragmented legal and judicial jurisdictions. Support to promote the rule of law in Palestine requires a twofold approach that engages the multitude of institutions composing the justice system as well as civil society. The proposed action intends to address the above challenges on the one hand through capacity and institution building assistance to PA agencies to accompany structural reforms and improve availability and quality of security and justice services. On the other hand, it will work with civil society to promote their monitoring and reform advocacy role and it will enable reinforced donor policy dialogue in the sector.

With regards to *Human Rights*, the need for support comes in view of the escalation of violations by the different authorities/duty-bearers against CSOs, mainly human rights organisations in the West Bank, Gaza Strip and Jerusalem who are either exposed to aggressive political and media campaigns to delegitimise their work or to further restrict their

operational space undermining their mission. The recommendations of the External Review of the EIDHR-CBSS 2011-2015 Programme and the 2015 Civil Society Mapping Update, call for a considerable increase of the budget for human rights interventions and actions addressing sensitive human rights priorities implemented by CSOs and human rights defender organisations in the absence of the Palestinian Legislative Council and in view of internal political division, territorial fragmentation and impact of the occupation. Among these defined priorities are support to freedom of expression, human right organisations and defenders and promotion of awareness, advocacy on human rights violations, as well as promotion of accountability and fighting impunity.

The key challenge to *democratisation and elections support* in Palestine is to maintain the partnership with election stakeholders in the absence of elections and to ensure civic participation, notably of women and youth in political life. The CEC lacks the human and financial resources to reach out to all categories and to implement tailored awareness raising activities. CSOs can reach under-represented segments and act as a partner to the CEC in this respect. EU support for the CEC will ensure it remains prepared to hold democratic elections and that elections remain an option for addressing the increasing governance issues in Palestine.

## 2 RISKS AND ASSUMPTIONS

### Component 1: Enhancing Gaza economic resilience

| <b>Risks</b>   | <b>Risk level<br/>(H/M/L)</b> | <b>Mitigating measures</b>  |
|--|-------------------------------|---|
| Deterioration of political and security context  | M/H                           | The project implementation structure will remain sufficiently flexible to adapt to the changing environment in Gaza   |
| Israeli Government does not facilitate movement of goods and persons   | M/H                           | Enhanced dialogue with COGAT (and focus on expanding the local market and movement of goods from and into Gaza). The EU will play an increased role with regards to convening both parties (Palestine and Israel) to maximise the effectiveness of EU cooperation and to address any obstacles to such effectiveness. |
| Unpredictable disruptions/fluctuations of markets and price structure  | L                             | Contractual provisions will retain sufficient flexibility to ensure emergency adaptations   |
| Target population is inaccessible due to unpredictable security changes or new Israeli regulations   | M                             | Adjust outreach strategy to the different type of beneficiaries targeted  |
| <b>Assumptions</b>   |                               |   |
| Security and political situation remains sufficiently stable   |                               |   |
| Movement of goods and people is eased or does not deteriorate significantly  |                               |   |
| The key drivers of the purchasing power crisis (PA salary cuts, electricity crisis, restricted access to credit) are halted, reversed or compensated |                               |   |
| Security situation in the targeted communities (including Access Restricted Areas) allows income generating activities                               |                               |   |

### Component 2: Supporting Palestinian presence in Area C

| <b>Risks</b>   | <b>Risk level<br/>(H/M/L)</b> | <b>Mitigating measures</b>  |
|--|-------------------------------|---|
| Sustained periods of increased insecurity in Area C, making access difficult and | H                             | Prioritisation of interventions based on "do no harm" principle; information sharing with Israeli |

|   |   |  |
|---|---|--|
| resulting in shifting priorities for affected Palestinian communities   |   | authorities.   |
| Opposition of some Palestinian residents to the perceived impact of the proposed plans, including land registration and mapping of land rights. | M | Increasing awareness among land owners regarding shared benefits and potential economic development opportunities deriving from a structured system and proper planning. |
| Social infrastructure activities are subject to political threats including stoppage and demolitions.   | H | Preliminary risk assessment, information sharing with Israeli authorities, provision of legal aid to local authorities.  |
| <b>Assumptions</b>  |   |  |
| No significant deterioration of the current security and political situation  |   |  |
| All relevant stakeholders remain committed to the action' objective's and results   |   |  |

### Component 3: Promoting an energy-sustainable Palestinian industry

| <b>Risks</b>   | <b>Risk level (H/M/L)</b> | <b>Mitigating measures</b>  |
|--|---------------------------|---|
| Policy tools and regulatory frameworks are not approved, operationalised, or effectively enforced by the authorities | L                         | Regular monitoring and dedicated policy dialogue will be ensured.   |
| Industrial enterprises continue to give low priority to EE and RE investments  | L                         | Training courses, awareness campaigns and demonstration projects.   |
| Industries continue to lack sufficient financing for EE/RE projects  | L                         | The action will ensure efficient linkages with available development financing mechanisms.  |
| Import restrictions prevent effective deployment of EE/RE solutions in the industrial sector                         | M                         | Focus on innovative, locally-driven solutions, promoting local production of equipment linking SMEs and academic R&D departments. |
| RE and EE entrepreneurs and start-ups do not receive adequate support to bring their products to market              | M                         | The action will provide business advisory services, coaching and mentoring.   |
| <b>Assumptions</b>   |                           |   |
| Movement of goods and people is eased or does not deteriorate significantly  |                           |   |
| All relevant stakeholders remain committed to the action' objective's and results                                    |                           |   |
| Support from governmental Authorities  |                           |   |

### Component 4: Support to enhanced governance

| <b>Risks</b>  | <b>Risk level (H/M/L)</b> | <b>Mitigating measures</b>  |
|---|---------------------------|---|
| Substantially worsening political and security context leading to increased instability and violence    | M                         | Contingency planning to allow beneficiaries to adapt to the changing environment  |
| Israeli Government does not facilitate movement of persons/EU CSOs                                      | M/H                       | Enhanced dialogue with COGAT as appropriate. More in general the EU will play an increased role in convening both parties (Palestine and Israel) to more constructive terms and encourage Israel to cooperate more with the EU on the support to Palestine. |
| Civil Society is exposed to further challenges and restrictive measures affecting its mandate and work. | M                         | EU policy dialogue with relevant authorities and duty-bearers to address fundamental freedoms as essential precondition for co-operation.   |
| <b>Assumptions</b>  |                           |   |
| Support to the two-State solution and to Palestinian state-building is reaffirmed.                      |                           |   |
| PA maintained commitment to statehood agenda and international commitments, democracy and Rule of Law.  |                           |   |
| Relevant stakeholders open and committed to the action objectives and results                           |                           |   |

### 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

#### 3.1 Lessons learnt

##### **Support to Sustainable economic development**

Sustainable livelihood and income generating support in Gaza cannot depend on short term funding. If real progress is to be achieved, this requires a more systematic approach and a longer time horizon. Institutional/organisational development, access to finance, development of market linkages, along carefully selected value chains needs to be considered. Focus on reducing dependency on Israeli imports or exploiting specific export opportunities must be informed by relevant data, analysis and greater complementarity between actions addressing supply and demand. Approaches to local economic development should be promoted, involving where possible local authorities, private sector and communities.

As regards Area C, consultative and inclusive spatial planning is a lengthy process and the time dimension of related actions should be properly assessed. While opportunities for economic development have emerged through the local outline plans and place-making projects, they have not been a primary concern of the first generation of planning initiatives. Thus, it is proposed to consolidate and complete the on-going spatial planning work complementing it with the analysis of the economic potential it highlighted. Participatory mapping of land rights and use rights in Area C should become more effective by ensuring that the land-planning system applied is technically coherent and in line with Palestinian needs. This includes enhanced Palestinian capacity for land governance in Area C, both at local and central level. A strategic approach towards development work in Area C is necessary, maximizing horizontal and vertical linkages between projects and other relevant activities.

Without sufficient energy security, the Palestinian economy will not be able to transition from donor dependency to private sector-led economic growth. Dependence on energy imports combined with the high cost of domestic production has led to a significant gap between energy supply and demand. Opportunities for clean technology development were identified and Energy Efficiency, biogas and small solar investments represent a real opportunity for Palestine in terms of economic attractiveness, profitability and job creation. Ongoing donor-funded activities to support RE and EE adoption have focused on financing opportunities, policy roadmaps and support, and business innovation. However, little focus exists on industrial SMEs to build their capacity for EE and RE adoption and upscaling.

##### **Support to enhanced governance**

Efforts to support the deepening of the principle of rule of law in Palestine and the development of the justice and security sector, have had limited results over the last decade. This can be explained by the widening democratic deficit and the perceived lack of legitimacy of the state institutions, in the stagnating political context, which are increasingly eroding Palestinian citizens' rights. International assistance in the sector counted on limited Palestinian ownership and sustainability of results<sup>9</sup>: political, legal and managerial preconditions for the preservation of results need to be addressed and reinforced; evidence-based policy dialogue needs to proceed in parallel. Support of legal aid juvenile justice shall reflect the diverse

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<sup>9</sup> "Evaluation of the EU co-operation in the OPT and support to Palestinian people (2008-2013)" and "Final Evaluation of Sawasya Programme "Strengthening the Rule of Law: Justice and Security for the Palestinian People" (2014-2017)".

needs of Palestinian legal jurisdictions (including Area C, Hebron, East Jerusalem, Gaza) and yet allow for a coherent framework.

Dedicated reviews<sup>10</sup> call for an increase of the budget for human rights interventions and actions addressing sensitive human rights priorities implemented by CSOs and human rights defender organisations.

The evaluations of the electoral process recommended the importance of having a unified electoral law which tackles the legal gaps to enhance sound legal understanding of stakeholders of the legal rules and procedures applied by the CEC and to increase confidence in the electoral process by all stakeholders (political parties, CSOs, legal institutions). The 2017 EU Election Expert Mission in the West Bank provided priority recommendations, many of which relate to human rights and fundamental freedoms as well. Lessons learned from the last project implemented by the CEC, emphasised the importance of maintaining a democratic discourse within Palestinian society, so to foster democracy even in the absence of national elections.

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

#### **Supporting Sustainable Economic Development**

##### Component 1: Enhancing Gaza Economic Resilience

Complementarity and synergy must be sought within a nexus perspective first of all with the ongoing ECHO-funded interventions. Current humanitarian support will be brought forward into a more systemic approach and longer term funding. In addition, a number of interventions are currently taking place in Gaza funded by Denmark, Switzerland and Spain, addressing economic needs across different value chains, with a specific focus on micro and collective business models for on- and off-farm activities and trade-oriented businesses, aiming to support systemic market development approaches. Interventions in favour of Gaza will also be discussed with the Office of the United Nations Special Coordinator for the Middle East Peace Process (UNSCO) to enhance coordination. Implementing partners will be required to seek co-ordination with existing EU funded programmes (Food and Agriculture Organization (FAO), Municipality Development Programme, European Credit Guarantee Funds, Business Incubators, SUNREF) as well as other relevant initiatives by the Ministry of National Economy in order to explore opportunities for synergies, avoiding duplications, maximising investments and potential for leverages. Given the relative novelty of the nexus approach in Gaza, a dedicated modality for the co-ordination of relief and development actors will have to be set-up by the programme. However intense dialogue is already taking place amongst donors and it is expected to be further strengthened, also building on the integration of existing platforms.

##### Component 2: Supporting Palestinian presence in Area C

UN-Habitat in collaboration with the Ministry of Local Government and other Palestinian stakeholders received financial support from France, the EU and United Kingdom/DFID to engage in a wide-range of spatial planning interventions, including statutory and non-statutory plans, along with advocacy work to defend the building and planning rights of Palestinian communities in Area C.

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<sup>10</sup> External Review of the EIDHR-CBSS 2011-2015 Programme and the 2015 Civil Society Mapping Update.

The additional resources for social infrastructure will complement the on-going EU Area C Development Programme in the West Bank. The infrastructure component of the programme (worth EUR 9.5 million) developed through four phases and received contributions from the EU, Denmark, France and the United Kingdom. All projects are implemented by the MDLF and they are covering 32 localities and 42 sub-projects (14 completed and 28 ongoing).

Planning in Area C and implementation of the developed plans is discussed in the Local Aid Co-ordination (LACS) Local Governance Sector Working Group and with the dedicated Area C Co-ordination Office.

### Component 3: Promoting an energy-sustainable Palestinian Industry

The proposed action has the potential to bridge between existing activities focused on RE/EE development and SMEs in the West Bank and Gaza. Building upon the financing options and incentives for RE/EE projects foreseen by SUNREF, the proposed project will ensure the exploitation of synergies in the identification and design of potential EE and RE projects to present for SUNREF funding (if the size of expected investment complies with the Programme's criteria). The proposed project will also collaborate with the EU co-funded TVET programme implemented by GIZ to support RE/EE curriculum development and training in vocational and high schools. The proposed project will also collaborate with B-Hub and the Business Start-up Incubator Programme to develop acceleration and mentorship activities focused specifically on clean tech innovation and entrepreneurship.

### Component 4: Support to enhanced governance

The multi-donor UNDP-UN Women-UNICEF programme *Sawasya II: Promoting the Rule of Law in Palestine* builds on its predecessor *Sawasya I* and, as previously, will receive core funding from the Netherlands and Sweden, who are currently financing the transition between the programmes and enabling the formulation of *Sawasya II*. Spain will also provide earmarked funds to the gender focused component. Due to *Sawasya*'s ambitious sector-wide approach, negotiations are ongoing between donors and the three UN agencies to tighten and deepen its scope and ensure complementarity with recent and existing EU funded and other assistance and avoid duplications. *Sawasya* supports the development of systems (legal aid, judicial case management, juvenile justice) that builds on previous UN led efforts. In the case of harmonisation of national legislation with treaties, its contribution complements existing initiatives (OHCHR) with limited specialised assistance, supporting electronic analytical tools and with assistance to CSOs to participate in the review process. On legal and judicial trainings, *Sawasya* will focus on specialised continuous judicial trainings and legal aid focused trainings, complementing EU funded initial judicial and legal training and training system development. In other cases, such as community policing, they will build on existing EUPOLCOPPS and DCAF initiatives. As for support to service provision in area C and EJ, no risks of duplication exist. Engagement with CSOs to strengthen oversight and watchdog role vis-a-vis Palestinian Authority justice and security institutions to advance accountability and performance of Palestinian rule of law institutions in delivering services to the public will require close monitoring and co-ordination.

With regard to *Human Rights* the action will promote the role of civil society in complementarity with the multiple EU actions in support to peace, democracy and rule of law, also through thematic instruments (in particular the EIDHR). Relevant co-ordination would be ensured by regular EU/MS co-ordination mechanisms in Jerusalem and Ramallah, as well as with like-minded countries (Switzerland and Norway), the EU Delegation in Tel Aviv, and EUPOLCOPPS. Co-ordination with relevant UN agencies including OHCHR and the ongoing

Treaty implementation programme supported by the EU is foreseen, which focuses mainly on strengthening the capacity of the Palestinian Authority with regard to its commitment, while it also includes limited capacity and awareness building elements for civil society. Under the Treaty Implementation project implemented by the OHCHR there is a Project Steering Committee (PSC) in which CSOs are involved. The current action also considers a PSC in which international organisations including OHCHR will be invited to take part in to ensure close co-ordination, monitoring and maximisation of effectiveness.

Synergy will also be sought with other thematic and regional programmes, including the regional programme *OPEN Neighbourhood: Opportunities, participation, engagement and networking with people from the Neighbourhood area and MED Media- Open Media H*.

The EU is the lead donor on support to the electoral process and is the Deputy chair of the Ad Hoc working group on Elections under the LACS framework. The proposed action will be closely co-ordinated with Norway, currently the only other donor who is considering further support to the CEC.

### 3.3 Cross-cutting issues

**Good governance principles:** participatory approach will inform the design of all actions, in co-ordination with the respective stakeholder groups. Whereas Component 4 is directly addressing good governance issues, a similar level of engagement on these shall be assumed also for Component 2, which very much aims at operationalizing good governance in a much contested area, impacting significantly on institutional legitimacy and capacity of service delivery at the local level.

**Environmental sustainability, protection, and human rights** are the very essence of proposed Components 3 and 4, as well as at the core of the other Components. Specifically Component 1 being an action originating from humanitarian interventions, cross-cutting issues will be at the heart of the design, ensuring specifically that protection and environment (as well as gender) issues are regularly informing decision making and implementation.

**Gender equality and youth** engagement throughout the actions will be targeted by raising awareness and advance discussions among the most vulnerable groups including women, elderly, and youth. The projects will develop accurate sex-disaggregated data to ensure the engagement of young communities, and elaborate a youth-oriented financial input. The projects will also make use of the 2018 Gender Country profile (in preparation) for the European Joint strategy and will try to align as much as possible to the GAP II indicators. Specifically for Component 2, gender responsiveness will be ensured by using specific Gender Evaluation Criteria prepared by the Global Land Tool Network. The pilot project will promote security of tenure keeping into account that women tenure is often more vulnerable.

**Climate change** is integrated along the Action. For instance, Component 2 will contribute to influencing natural resources management, while Component 3 is expected to have a direct impact on energy savings and emissions' reduction. During the implementation phase of all actions, focused analysis will be designed to factor-in environmental factors and indicators.

## 4 DESCRIPTION OF THE ACTION

### 4.1 Objectives/results and options

The **Overall objective** of the action is to promote inclusive and sustainable economic development within a better functioning Palestinian democracy.



The **Specific Objectives** are:

- 1) Strengthen economic resilience of vulnerable economic groups through stronger market links and more competitive business practices;
- 2) Improve social and economic conditions of Palestinian communities in Area C;
- 3) Increasing competitiveness of the industrial sector in Palestine through sustainable energy solutions;
- 4) Improved access to a better justice system and increased protection of human rights, fundamental freedoms and democracy in Palestine.

The **expected results** are:

*Component 1: Enhancing Gaza Economic Resilience*

Result 1.1 A multi-stakeholder mechanism governs decision making;

Result 1.2 Fact-based studies and analysis inform decision making;

Result 1.3 Enhanced provision of livelihood/business support packages/access to credit;

Result 1.4 Advocacy/Policy making initiatives impact transforming structures and processes;

Result 1.5 Monitoring and evaluation framework in place.

*Component 2: Supporting Palestinian presence in Area C*

Result 2.1 Improved resilience and tenure security of Palestinian communities in Area C through spatial economic planning and mapping of land rights;

Result 2.2 Improved access to essential social and public infrastructure in Area C;

Result 2.3 Strengthened Palestinian institutions' capacity to perform land-based functions and deliver essential services in Area C.

*Component 3: Promoting an energy-sustainable Palestinian Industry*

Result 3.1 Strengthened policy and regulatory environment for RE/EE in the industrial sector, including a green economy agenda;

Result 3.2 Developed local capacity to design and implement RE/EE projects in the industrial sector, for promotion of green job creation and economic growth;

Result 3.3 Demand for clean energy technologies in the industrial sector is created, to support the green economy agenda;

Result 3.4 Fostered innovation and entrepreneurship in the clean technology sector.

*Component 4: Support to enhanced governance*

Result 4.1 Targeted rule of law institutions<sup>11</sup> are strengthened and reunified in line with international standards.

Result 4.2 Service provision by targeted rule of law institutions<sup>12</sup> is improved and access to justice and security responds better to the needs of women, children and other vulnerable

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<sup>11</sup> Institutions may include the Ministry of Justice, High Judicial Council, Attorney General Office, the Sharia Court system and the Palestinian Civil Police.

groups without discrimination, including in area C, Hebron 2 and EJ, and in co-operation with civil society.

Result 4.3 Empowered human rights defenders and organisations with strengthened linkages, mechanisms and advocacy at national, regional and international levels;

Result 4.4 Enhanced democracy, freedoms of association, expression and online and offline media.

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of several SDG Goal(s), see page 3, box 10. This does not imply a commitment by the country benefiting from this programme.

## 4.2 Main activities

This action will be implemented following a rights-based approach, encompassing all human rights. The five working principles below will be applied at all stages of implementation: Legality, universality and indivisibility of human rights; Participation and access to the decision-making process; Non-discrimination and equal access; Accountability, rule of law and access to justice; Transparency and access to information.

### *Component 1: Enhancing Gaza economic resilience*

Result 1.1: A multi-stakeholder mechanism governs decision making

Result 1.2: Fact-based studies and analysis inform decision making

An inception phase will precede implementation to create detailed "business cases" based on informed analysis (market development studies, poverty and food security mapping exercises, risk and vulnerability analysis), careful targeting of beneficiaries (criteria including parameters such as vulnerability, market potential, access to external markets, job creation, gender, sector, geographic or community economic impact), accurate collection of baseline values and development of an internal Monitoring and Evaluation (M&E) framework.

Result 1.3: Enhanced provision of livelihood/business support packages/access to credit

Main activities include but are not limited to: provision of block grants, tailored livelihood support packages (assets, capacities, activities) and business development support to micro, small businesses and community-based initiatives.

Result 1.4: Advocacy/Policy making initiatives impact transforming structures and processes

Result 1.5: Monitoring and evaluation framework in place

An important external Monitoring and Evaluation (M&E) component will be set up with the objectives - *inter alia* - of regular data collection, development of case studies and sequenced evaluations. Cross-fertilisation between external monitoring and monitoring independently carried out by implementing partner/s is expected to be used for advocacy and policy making purposes.

Approaches to implementation will include: partnerships with existing organisations with recognised added value; partnerships with existing EU-funded credit guarantee facility

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<sup>12</sup> Institutions may include same institutions as above and also the courts , the Bar Association as well as juvenile justice system stakeholders like the Ministry of Social Development.

(EPCGF); value chain; local economic development; advocacy/policy making. Gender analysis will be a key approach regularly mainstreamed across all activities.

### *Component 2: Supporting Palestinian presence in Area C*

Main activities include:

Result 2.1: Improved resilience and tenure security of Palestinian communities in Area C through spatial economic planning and mapping of land rights

- Consolidation of local outline plans and cluster plans.
- Community mapping of land rights using the Social Tenure Domain Model.
- Supporting the capacity building of affected communities to fully engage and develop leadership in local spatial planning, including negotiations with all relevant authorities for the validation and endorsement of the plans.

Result 2.2: Improved access to essential social and public infrastructure in Area C

- Implementation of social and public infrastructure projects (roads, public buildings, water and wastewater, energy, health, education, other public infrastructure).
- Capacity development of the concerned local authorities and community mobilisation for the public infrastructure's programme implementation and sustainability.

Result 2.3: Strengthened Palestinian institutions' capacity to perform land-based functions and deliver essential services in Area C

- Capacity building of the Ministry of Local Government and Land and Water Settlement Commission (LWSC) to perform land-based function in Area C, to build resilience through participation in land-related process.

The methodology to be adopted in this component is based on a participatory approach that is inclusive of women and youth and involving communities at all levels of planning, mainly to support the successful implementation of the plans and building cohesion and resilience. The participatory approach will be reflected in the plan-making-phases, using dedicated tools.

### *Component 3: Promoting an energy-sustainable Palestinian industry*

Main activities include:

Result 3.1: Strengthened policy and regulatory environment for RE/EE in the industrial sector, including a green economy agenda

- Developing policy guidelines for innovative RE/EE supply solutions, including biogas;
- Supporting the operationalisation and consistent enforcement of net-metering regulations;
- Supporting the development and implementation of industrial EE measures in the Palestinian National Energy Efficiency Action Plan (NEEAP);
- Strengthening Palestine's energy regulator to enforce net metering;

- Promote locally-driven, innovative RE/EE solutions and policy guidelines.

Result 3.2: Developed local capacity to design and implement RE/EE projects in the industrial sector, for promotion of green job creation and economic growth

- Build national capacity and create opportunities for knowledge exchange, co-operation, and partnerships between industrial enterprises, SME's and energy service providers;
- Training and capacity building for national experts to identify, assess and design RE/EE opportunities;
- Training and capacity building for technicians and service providers to customize, maintain and implement RE/EE locally-driven solutions.

Result 3.3: Demand for clean energy technologies in the industrial sector is created, to support the green economy agenda

- Delivery of tailored trainings on the design, installation and maintenance of renewable energy technologies (solar and biogas);
- Support to the certification of experts.

Result 3.4: Fostered innovation and entrepreneurship in the clean technology sector.

- Support to the development of innovative, clean tech products on the market;
- Support to the establishment of locally-owned RE and EE start-ups and enterprises.

#### *Component 4: Support to enhanced governance*

Main activities may include:

Result 4.1 Rule of law institutions are strengthened and reunified in line with international standards.

- Support to laws' harmonisation with international human rights & anti-corruption standards and to gender impact assessments and costing for legislative procedures.
- Support to implementation of the justice and security sector strategic plans, M&E capacities and systems; production and dissemination of public perception surveys.
- Support [if/as/when possible] reintegration and harmonisation of justice and security institutions between Gaza and the West Bank and transitional justice initiatives.
- Support CSO coalitions on: -oversight initiatives of justice and security sector, - advocacy on women's rights/gender justice issues and gender equality, - production of studies on rule of law for evidence-based policy advocacy.

Result 4.2 Service provision by rule of law institutions is improved and access to justice and security responds better to the needs of women, children and other vulnerable groups without discrimination, including in area C, Hebron 2 and EJ, and in co-operation with civil society.

- Support to: -community policing implementation; - improvement of courts services in pilot jurisdictions; - enhancement of e-case management; - inspection

- department methodology; - judicial decisions enforcement mechanisms; - Judicial training e-learning system and development of the e-justice portal.
- Enhancement of child-friendly justice procedures for children in contact with the law, including access to mediation services, pre-trial diversion and juvenile e-case management.
  - Pilot projects on community security services; revision of Alternative Dispute Resolution legislations and support to mediation and arbitration mechanisms in area C and EJ.
  - Development and implementation of legal aid strategy and legislation and provision of legal representation services, including to women and juveniles, with quality control linked to the national legal aid strategy, including for population in area C, EJ, Gaza, Hebron 2.
  - Support on: - implementation of the police gender strategy and development of gender responsive criminal justice policies; - rehabilitation and integration policies and programmes for women in conflict with law and GBV offender treatment programmes in prisons; - skills and organisational development of specialised judges and prosecutors on SGBV prosecution and adjudication and of shari'a courts on family cases; - GBV and VAW e-case management; - establishing police One Stop Centres; - child rights and custody trainings for clerks, prosecutors and lawyers; - Media campaign on custody and family courts; - strengthening referral and case management linkages on children cases.
  - Support CSOs on public interest litigation cases on women's rights/gender justice issues and on leadership, co-ordination and programme management.
  - Support: -justice sector professional peer groups of women, career development opportunities / mentoring schemes and increase of females' enrolment in decision making positions and front- line services; - cross-sector gender taskforce to steer gender mainstreaming.

Result 4.3: Empowered human rights defenders and organisations with strengthened linkages, mechanisms and advocacy at national, regional and international fora;

- support to CSOs' initiatives including public awareness raising, joint response advocacy strategy, appeals to members of Parliaments and to public opinion including in Europe, campaigns, workshops/roundtable discussions on restrictions imposed on HRDs and CSOs,
- capacity development, trainings, regular exchange on attacks trends against CS, joint visits/tours to different EU Member States and ENP South countries at high political and academic level,
- provision of legal and technical assistance to Human Rights Defenders (HRDs),
- documentation and joint CSOs publications and reports on attacks against CS and HRDs by different duty-bearers and pro-government groups and/or media.

Result 4.4: Enhanced democracy, freedoms of association, expression and online and offline media.

- review of the NGO non-profit law and/or other relevant laws to promote harmonisation with international standards and access to information,

- capacity building for CSOs and CBOs in data protection/ digital safety, digital and off-line on-line media rights ensuring free and independent media/internet,
- monitoring and reporting on violations of human rights treaties obligations,
- co-operation with regional-international social media platforms/hubs to foster study tours/working visits for Palestinian and European journalists,
- capacity building of CEC staff, electoral cadre and observers, as well as awareness raising initiatives for media and the public (notably women and youth) through CSOs (provision of financial support to third parties), universities, and schools,
- identification of legal gaps and promotion of networking with political parties.

### 4.3 Intervention Logic

#### *Component 1: Enhancing Gaza Economic Resilience*

A wide array of interventions, currently supported through humanitarian funds, addresses the needs of micro/small producers, processors and traders, whose businesses suffer from a range of internal and external constraints, but yet display chances for development and self-sufficiency. Notwithstanding the current asphyxiating systemic challenges (ten years of Hamas rule, Israeli closure, weak infrastructure, decrease in purchasing power) there is evidence of the potential of tapping into some niches of internal demand, as well as external output (mainly agricultural products, but not exclusively) towards the West Bank and Israel. The action aims to bring these economic operators into mainstream market, transforming fragile economic resilience into more effective business performance, through stronger market links, more competitive business practices and deeper rooting into local economic dynamics.

#### *Component 2: Supporting Palestinian presence in Area C*

Area C constitutes over 60% of the West Bank and is essential for Palestine's contiguity, prosperity and economic development. Due to the Israeli occupation and practices, the majority of Area C remains inaccessible to Palestinian investment and economic enterprise, while greater and far-reaching progress for Palestinians in Area C is considered essential, including infrastructure and basic service expansion from Area A and B into Area C.

The economic potential can be unleashed only if access is assured for Palestinian activity in Area C within a coherent spatial planning approach that functionally links the statutory local outline plans in Area C to those in the rest of the West Bank territory. Furthermore, the issues of land use –spatial planning, control of land use and land development – construction planning and permits, regulations and implementation are inextricably linked in Area C.

The impact of the intervention will be an improvement of the resilience and tenure security of Palestinian communities in Area C through a wide range of spatial-economic planning interventions that target more than 75% of the West Bank's Palestinian population and over 50% of the West Bank's area by the year 2020. Moreover, participatory mapping of land and use rights in Area C should become more effective by ensuring that land-planning system applied is technically coherent and in line with Palestinian needs.

#### *Component 3: Promoting an energy-sustainable Palestinian Industry*

By developing a policy, legal and regulatory framework and supporting relevant stakeholders to enforce operational guidelines for net metering, the project aims set the foundations for a

conducive RE/EE environment in the industrial sector. Complementary measures will address simultaneously both the supply and the demand side for RE/EE by harnessing the transfer and development of new capacities in terms of design, installation, operation and maintenance. This will happen while stimulating awareness of different target groups on the opportunities available in the development of a green economy and/or in the adoption production models embracing RE/EE technologies. A platform of dialogue between SMEs, research centres and universities is expected to further support the development process by promoting linkages, dialogue and exchanges on Research and Development and fostering innovation and entrepreneurship. The programme will ultimately contribute to creating a new market for and within the Palestinian industry, reducing energy needs through development of local energy solutions, promoting innovations, encouraging entrepreneurship and creating employment opportunities.

#### *Component 4: Enhancing governance*

The proposed *rule of law* intervention builds on previous EU and UN experience in support of the rule of law. On one hand, the intervention through the joint UNDP-UNWomen-UNICEF programme will support the development of policy, legal and institutional frameworks and capacities as well as the provision of services, addressing also issues of accountability of the justice and security institutions that prevent fair judicial processes and access to justice. On the other hand, a significant focus will be on legal aid, juvenile and gender justice in vulnerable areas with a focus on Area C, Hebron, East Jerusalem with a view to steer a PA led strategic approach to these areas. In case of intra-Palestinian reconciliation, support is planned for the reintegration of justice institutions. The intervention aims to strengthen the production of data based policy analysis to feed into policy dialogue with the PA and of CSOs' advocacy work.

In view of the deterioration of the *human rights* situation, the intervention seeks to support co-operation between local and international human rights civil society organisations to assist the latter in developing advocacy strategies to defend their work and mandates. The aim is to support local human rights organisations to fend off measures trying to silence and delegitimise their work through capacity building programmes, networking by using existing national, regional and international platforms and mechanisms, round-table discussions, high level political visits, involving local and European journalists, dissemination of reports on the human rights situation in the country and presenting recommendations on the non-profit organisations law.

The key challenges to *democratisation and elections support* in Palestine are to maintain the partnership with election stakeholders in the absence of elections and to strengthen civic participation/engagement, notably of women and youth in political life. Strengthening the capacity of the CEC as key electoral body, of observers and of the media ensures that the capacity to arrange and carry out elections in a professional manner is maintained. By assisting the CEC with awareness raising initiatives to reach out a wider public notably women and youth through CSOs, universities, schools and the media, it will contribute to enhance the public's knowledge of elections and their importance, and foster civic participation in political life, also at local level, which is of key importance for democracy, even more so in the absence of national elections. The assumption is that the Palestinian Authority adheres to its commitments to statehood and democracy.

## **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 4.1 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 authorising officer responsible by amending this Decision and the relevant contracts and agreements; such amendments to this Decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

### **5.3 Implementation modalities**

The envisaged assistance to Palestine is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU<sup>13</sup>.

#### **5.3.1 Enhancing Gaza Economic Resilience**

##### **5.3.1.1 Grants: direct award "Gaza Economic Resilience" (direct management)**

###### *(a) Objectives of the grant, fields of intervention, priorities of the year and expected results*

It is proposed to directly award one or two grants to NGOs, to support economic resilience of marginalised groups in Gaza, with a particular attention to gender, strengthening inclusive and social enterprises business models with potential for sustainable development. While partnerships models in the form of consortium will be favoured in order to exploit opportunities arising from division of labour and specific organisational expertise, geographic and/or value chain focus will be sought, to maximise impact of the investments and avoid dispersion. Main results will be quantified in terms of number of businesses in breakeven or profit; productivity; average monthly profit, number of jobs created; capital formation; loan/equity ratio; number of matching grants; number of registered enterprises; household income; net savings; household consumption.

In accordance with the rights-based approach, the action will take into account Human Rights Policy framework including the EU Guidelines on the Promotion and Protection of the Rights of the Child (2017), the EU Human Rights Guidelines on Freedom of Expression Online and Offline – 2014; EU Human Rights Guidelines on Children and armed conflict – 2008 and/or Promotion and Protection of the Rights of the Child – 2008; EU Guidelines on promoting compliance with International Humanitarian Law (IHL), the EU Guidelines on Human Rights Defenders (2008) and the EU Guidelines on Violence against women and girls and combating all forms of discrimination against them (2008).

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<sup>13</sup> [https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en)



Particular attention will be paid to prevent that EU-supported activities contribute to incitement to hatred and/or violence. Implementation of this action will be in line with the intent of the EU Framework Decision on racism and xenophobia.

*(b) Justification of a direct grant*

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of grants without a call for proposals is justified because Palestine is acknowledged to be in "crisis situation" as referred to in Article 2(21) of the Financial Regulation, allowing for the use of flexible procedures in accordance with applicable provisions. The specific Gaza-focus of the expected Action provides further justification to the applicability of this provision, in consideration of the current political, development and humanitarian context in the Strip.

*(c) Eligibility conditions*

Potential beneficiaries of funding must be operational in Palestine, knowledgeable of the vulnerability and socio-economic profile of targeted populations, with a sound understanding of market potentials (by sector, sub-sector, value chain, customer demand) and opportunities for development within the framework defined by the restrictions imposed by the Israeli government and the potential distortions brought about by different safety net programs.

In order to be eligible for a grant, the lead applicant must be: a legal person; non-profit making (non-governmental organisation or an international organisation); established in a Member State of the European Union or in Palestine; directly responsible for the preparation and management of the action with the co-applicant(s) and affiliated entity(ies), not acting as an intermediary.

*(d) Essential selection and award criteria*

The essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

*(e) Maximum rate of co-financing*

The maximum possible rate of co-financing for this grant is 90% of the eligible costs of the action.

If full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

*(f) Indicative trimester to conclude the grant agreement*

Fourth trimester of 2019

**5.3.1.2 Procurement (direct management)**

| Subject in generic terms, if possible | Type (works, supplies, services) | Indicative number of contracts | Indicative trimester of launch of the procedure |
|---------------------------------------|----------------------------------|--------------------------------|---|
| Monitoring and Evaluation for         | Services                         | 1                              | Fourth  |

|                                      |  |  |                |
|--------------------------------------|--|--|----------------|
| "Enhancing Gaza Economic Resilience" |  |  | trimester 2020 |
|--------------------------------------|--|--|----------------|

### 5.3.2 Supporting Palestinian presence in Area C

#### 5.3.2.1 Grant: direct award: Area C Development Programme in the West Bank- Package V (direct management)

(a) *Objectives of the grant, fields of intervention, priorities of the year and expected results*

The overall objective (Impact) of the action is to improve the social and economic conditions of Palestinian communities in Area C which is crucial for maintaining Palestinian presence in Area C and for the development of the Palestinian economy.

The specific objectives (outcomes) of the action are (i) to improve access to essential social and public infrastructure in Area C (ii) strengthening the Palestinian institutions' capacity to deliver essential social and public infrastructure in Area C.

The grant will provide capital investment for projects in the Area C communities engaged in the planning and zoning exercises. The public and social infrastructure projects were prioritised by local communities in their action plans and approved by the Ministry of Local Government. During the development of the action plans it became apparent that substantial additional financial resources are necessary to meet the most basic public and social needs. This action intends to top-up the 2012 and 2014 actions for Area C, in line with the recently endorsed Strategic Framework for Area C "Support Resilience and Development" for 2018-19. All public and social infrastructure projects will be subjected to the review and endorsement of the programme steering committee. The expected results are new social and public infrastructure and improved basic social services for Palestinian communities in Area C.

All projects will be located within the boundaries of plans that were developed by Palestinian communities, submitted and registered at the Israeli Civil Administration (ICA), and for which detailed planning packages were developed according to the applicable ICA technical standards. The EU will inform the Israeli Authorities about infrastructure projects planned in the framework of this programme.

Both the 2012 Financing Agreement "*Land Development and Basic Infrastructure in Area C*" and the 2014 Financing Agreement "*Access to Essential Social and Public Infrastructure in Area C*" refer to implementation modalities outlined in the *EU Work Plan for Project Implementation in Area C*, which was annexed to the Mashreq/Maghreb Working Party report of 26 July 2012 will apply as in the case of previous funding decisions. For the purpose of capital investments in Master Plans in Area C moving forward, plans are either formally approved by the Israeli authorities (after 60 days from the date of their publication) or are considered as tacitly approved if no major objection has been raised within 18 months following the submission to the ICA by the village councils. The implementation of public and social infrastructure may start once a plan has been formally approved by the Israeli authorities or is considered as tacitly approved (once the 18 month deadline is reached). The same implementation modalities will be applied to the present action. The present programme moreover foresees that for projects located within areas covered by a plan that meets the ICA technical standards, no further Israeli permits should be required after formal or tacit approval of the plan.

In accordance with the rights-based approach, the action will take into account Human Rights Policy framework including the EU Guidelines on the Promotion and Protection of the Rights

of the Child (2017), the EU Human Rights Guidelines on Freedom of Expression Online and Offline – 2014; EU Human Rights Guidelines on Children and armed conflict – 2008 and/or Promotion and Protection of the Rights of the Child – 2008; EU Guidelines on promoting compliance with International Humanitarian Law (IHL), the EU Guidelines on Human Rights Defenders (2008) and the EU Guidelines on Violence against women and girls and combating all forms of discrimination against them (2008).

Particular attention will be paid to prevent that EU-supported activities contribute to incitement to hatred and/or violence. Implementation of this action will be in line with the intent of the EU Framework Decision on racism and xenophobia.

*(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 Municipal Development and Lending Fund (MDLF).

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of grants without a call for proposals is justified because Palestine is acknowledged to be in "crisis situation" as referred to in Article 2 (21) of the Financial Regulation, allowing for the use of flexible procedures in accordance with applicable provisions.

Taking into consideration that Area C is occupied land under full Israeli control, engaging in development interventions there (particularly for infrastructures), is very complex and needs an institution with the necessary experience and access to local governmental units.

*(c) Essential selection and award criteria*

The essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

*(d) Maximum rate of co-financing*

The maximum possible rate of co-financing for this grant is 80%.

If full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

*(e) Indicative trimester to conclude the grant agreement*

Third trimester of 2019

**5.3.2.2 Indirect management with an international organisation**

A part of this Action may be implemented in indirect management with UN Habitat. This implementation entails improving resilience and tenure security of Palestinian communities in Area C through spatial-economic planning and mapping right at local level, and strengthening the capacity of the Ministry of Local Government and LWSC, in light of the Results 2.1 and 2.3 as mentioned in the section 4.1.

This implementation is justified because UN Habitat is the main implementing partner in the context of spatial planning in Area C, being also active in mobilizing donors support for implementing statutory and non-statutory plans. It received funding to this end by the EU, Belgium, France and the United Kingdom, among others. UN-Habitat has previously

implemented the project "Spatial Planning Support Programme to Palestinian Communities in Area C" whose final evaluation concluded that *"the role of UN-Habitat in the project is essential. It is recommended that UN-Habitat participates in any future planning activities in Area C. For that, their role on the managerial and technical level should be emphasised due to its vital experience in implementing and following up the different activities of the project"*. Furthermore, the Organisation is currently implementing the EU-funded project "Fostering Tenure Security and Resilience of Palestinian Communities through Spatial-Economic Planning Interventions in Area C".

The entrusted entity would carry out the following budget-implementation tasks: launching calls for tenders and for proposals; definition of eligibility, selection and award criteria; evaluation of tenders and proposals; award of grants, contracts and financial instruments; acting as contracting authority concluding, monitoring, evaluation and managing contracts, carrying out payments, and recovering moneys due.

UN Habitat will use its own staff (local and international) as implementing partner mainly for advocacy and policy work; co-ordination with other donors and international organisations will be carried out as well. Moreover, it will recruit additional temporary staff for specific positions. The organisation will contract local stakeholders to implement the activities. It will be supported by NGOs for field activities with communities.

### **5.3.3 Promoting an Energy Sustainable Palestinian Industry**

#### **5.3.3.1 Indirect management with an international organisation**

A part of this Action may be implemented in indirect management with UNIDO. This implementation entails promoting the competitiveness of Palestinian industrial sector through intervention at the institutional and companies' level to introduce Energy Efficiency and Renewable Energy solutions and to support the development of relevant skills and awareness in Palestine.

This implementation is justified because of the expertise and comparative advantage developed in Palestine by UNIDO on EE/RE. This, combined with the positive partnership with EUREP over the past years across different private sector development initiatives, has provided the basis for a fruitful dialogue, bringing into shape the current proposal. UNIDO is the most qualified partner to lead and catalyze RE and EE market transformation for industrial SMEs in Palestine, with the capacity to bring international best practices informed by years of worldwide experience.

The entrusted entity would carry out the following budget-implementation tasks: conducting procurement and grant award procedures and managing the resulting contracts and carrying out payments to contractors and grant beneficiaries.

UNIDO will use its own staff (local and international) as implementing partner mainly for advocacy and policy work; co-ordination with other donors and international organisations will be carried out as well. Moreover, it will recruit additional temporary staff for specific positions. The organisation will contract local stakeholders to implement the activities and will be supported by NGOs for field awareness raising activities within concerned communities.

### **5.3.4 Support to Enhanced Governance**

#### 5.3.4.1 Rule of Law: Indirect management with an international organisation

A part of this Action may be implemented in indirect management with the United Nations Development Programme (UNDP) in joint programme with UN Women and UNICEF (the Sawasya II programme).

A standard indirect management agreement will be signed with UNDP as Administrative Agent, including a Description of the Action and a budget focused on foreseen objectives and results. The Administrative Agent will channel funds to each participating UN organisation<sup>14</sup> on the basis of their pillar assessed procedures and the objectives and results to be achieved by each agency.

This implementation is justified because this multi-donor action with EU Member States (the Netherlands, Sweden and Spain) is the only significant operational tool available for concerted efforts to promote long-standing crucial reforms for the rule of law and justice, which the EU and Netherlands, as lead justice sector donor, have been advocating with the PA over the last two years. No other programmes of this scope and capacity, including led by EU MS agencies, exist at this stage. The three agencies have the mandate, ability and plans to simultaneously reach out to and link Gaza and the West Bank, including marginalised areas and advance PA presence in these areas; support structured dialogue between PA institutions and civil society on thematic issue such as legal aid; and the possibility to gather data and conduct good quality research to stimulate political and policy dialogue.

The entrusted entity would carry out the following budget-implementation tasks: launching calls for tenders and for proposals; definition of eligibility, selection and award criteria; evaluation of tenders and proposals; award of grants, contracts and financial instruments; acting as contracting authority concluding, monitoring and managing contracts, carrying out payments, and recovering moneys due.

Local counterparts will be contracted to implement activities, including CSOs on the basis of defined long term objectives as well as to implement field activities.

Visibility will be ensured through the standard Annex on Communication and Visibility Plan as well as through monitoring of the action through visits and regular reporting. The UNDP as administrative agent will consolidate annual financial and narrative reports and present them according to the agreement requirements.

#### 5.3.4.2 Grants: Call for proposals "Support to Human Rights Civil Society Organisations' Initiatives" (direct management)<sup>15</sup>.

(a) *Objectives of the grants, fields of intervention, priorities of the year and expected results*  
Objective: *to reinforce the capacities of Palestinian Human Rights CSOs and initiatives to promote their work/mandate, their fundamental rights of freedom of expression and access to information.*

Type of actions eligible for financing may include: support to CSOs' initiatives including raising public awareness and capacity building for rights holders and media institutions, monitoring and reporting on violations of human rights treaty obligations including

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<sup>14</sup> All the three UN agencies passed the six-pillar assessments in 2015.

<sup>15</sup> The funds of this envelope will be pooled with the EIDHR-CBSS Call for Proposals under a separate lot ensuring complementarity, coherence and synergies with the call different sections.

formulation and submission of shadow reports; fostering political dialogue and high-level discourse, promoting practices that protect freedoms of opinion and expression capacity building in data protection, digital and off-line/on-line media rights, support to active steps to promote a safe environment for journalists and other media actors, enabling them to carry out their work independently, without undue interference and without fear of violence or persecution, ensure the protection of journalists, both in terms of preventive measures and by urging effective investigations when violations occur and promoting laws and practices that protect freedom of opinion and expression.

Expected results:

- Strengthened engagement of Palestinian Civil Society with regards to the different duty-bearer's human rights obligations and duties and increased awareness of the public on their rights in view of international treaties.
- Reinforced CSOs participation in promoting human rights oriented policies and mechanisms to promote and protect the rights of citizen's in particular fundamental freedoms by promoting freedom of expression including independent media, unimpeded access to information and measures to combat censorship and incitement. Strengthened capacity of Palestinian CSOs and effective co-ordination in monitoring, reporting, documenting, knowledge management and advocating human rights violations and promoting harmonisation of national legislations with international standards and treaties.

In accordance with the rights-based approach, the action will take into account Human Rights Policy framework including the EU Guidelines on the Promotion and Protection of the Rights of the Child (2017), the EU Human Rights Guidelines on Freedom of Expression Online and Offline – 2014; EU Human Rights Guidelines on Children and armed conflict – 2008 and/or Promotion and Protection of the Rights of the Child – 2008; EU Guidelines on promoting compliance with International Humanitarian Law (IHL), the EU Guidelines on Human Rights Defenders (2008) and the EU Guidelines on Violence against women and girls and combating all forms of discrimination against them (2008).

Particular attention will be paid to prevent that EU-supported activities contribute to incitement to hatred and/or violence. Implementation of this action will be in line with the intent of the EU Framework Decision on racism and xenophobia.

*(b) Eligibility conditions*

To be eligible for a grant, the applicant must be an in-country established legal person and; be non-profit-making and; be a specific type of organisation (such as CSOs, private sector non-profit agencies, institutions and organisations and networks at local, national, regional and international level) and not acting as an intermediary. The applicant may act with local and/or international co-applicant(s).

Subject to information to be published in the call for proposals, the indicative amount of the EU contribution per grant will range to between EUR 400,000 to EUR 500,000 and the grants may be awarded to sole beneficiaries and to consortia of beneficiaries (co-ordinator and co-beneficiaries). The indicative duration of the grant (its implementation period) is 24-36 months.

*(c) Essential selection and award criteria*

The essential selection criteria are financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the call, design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

*(d) Maximum rate of co-financing*

The maximum possible rate of co-financing for grants under this call is 95% of the eligible costs of the action.

If full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

*(e) Indicative timing to launch the call*

First trimester of 2019

5.3.4.3 Grant: Direct award "Empowered and Protected Spaces for Civil Society Actors and Human Rights Defenders in Palestine" (direct management)

*a) Objectives of the grant, fields of intervention, priorities of the year and expected results*

Objective: to increase protection of human rights defenders/organisations and fundamental freedoms in Palestine at national, regional and international fora.

Type of actions eligible for financing: support to HRDs organisations initiatives to raise public and duty-bearers' awareness on violations of human rights and restrictions imposed on HRDs and organisations, joint response advocacy strategy including advocacy campaigns, trainings, workshops/roundtable discussions, organisation of joint publications, joint visits/tours to different EU MSs and regional countries at high-political and academic level, preparation and dissemination of appeals to members of Parliaments and to public opinion including in Europe, documentation unit of attacks by different duty-bearers, pro-government groups and journalists against civil society and HRDs, joint reports on trends & policies of shrinking space and international accountability mechanisms; fostering political dialogue and high-level discourse with duty-bearers at national, regional and international fora, raising awareness on censoring impartial/critical reporting on human rights violations, co-operation with regional-international social media platforms/ hubs to foster study tours/working visits for Palestinian and European journalists, provision of legal and technical assistance to human rights defenders organisations, and others.

Expected results:

- Strengthened engagement and advocacy capacity of Palestinian civil society at national, regional and international level in protecting their fundamental rights to freedoms of expression and association.
- Ensuring transparency, accountability, independent media and better informed, active and engaged duty-bearers and citizens in Europe and the region of HRDs and organisations' context in Palestine.
- Enhanced respect for and observance of human rights and fundamental freedoms, as proclaimed in the Universal Declaration of Human Rights and Other international and regional human rights instruments as well as the EU Guidelines on Human Rights Defenders (2008), EU Human Rights Guidelines on Freedom of Expression Online and Offline and others.

- Legal support to human rights defenders, organisations and victims of repression and abuse.
- Reinforced HRDs organisations' participation in promoting human rights oriented policies and mechanisms to promote and protect the rights of citizen's including unimpeded access to information and measures to combat censorship and political incitement.
- Holding duty-bearers accountable to their human rights obligations/ commitments and duties and combating impunity.
- Strengthened technological innovation in information and communication by creating new opportunities for individuals to disseminate information to mass audience with more impact on the participation of citizens in decision-making.

In accordance with the rights-based approach, the action will take into account Human Rights Policy framework including the EU Guidelines on the Promotion and Protection of the Rights of the Child (2017), the EU Human Rights Guidelines on Freedom of Expression Online and Offline – 2014; EU Human Rights Guidelines on Children and armed conflict – 2008 and/or Promotion and Protection of the Rights of the Child – 2008; EU Guidelines on promoting compliance with International Humanitarian Law (IHL), the EU Guidelines on Human Rights Defenders (2008) and the EU Guidelines on Violence against women and girls and combating all forms of discrimination against them (2008).

Particular attention will be paid to prevent that EU-supported activities contribute to incitement to hatred and/or violence. Implementation of this action will be in line with the intent of the EU Framework Decision on racism and xenophobia.

*(b) Justification of a direct grant*

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of grants without a call for proposals is justified because Palestine is acknowledged to be in "crisis situation" as referred to in Article 2 (21) of the Financing Regulation, allowing for the use of flexible procedures in accordance with applicable provisions.

*(c) Eligibility Conditions*

To be eligible for a grant, the applicant must be a Palestinian, legal person and; be non-profit-making and; be a specific type of organisation (such as CSOs, private non-profit agency, networks) and not acting as an intermediary. The applicant *must act* with co-applicant(s) local and/or international civil society human rights organisations possessing technical and operational expertise and capacity to monitor record and advocate on human rights violations at national, regional and international fora. Partnership is an important element for this action.

*(d) Essential selection and award criteria*

The essential selection criteria are financial and operational capacity of the applicant, relevance of the proposed action to the objectives of the direct award, design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

*(e) Maximum rate of co-financing*

The maximum possible rate of co-financing for this grant is 95% of the eligible costs of the action. If full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified



by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

*(d) Indicative trimester to conclude the grant agreement*

Fourth trimester of 2019

#### 5.3.4.4 Direct Management - Grant: direct award to support Central Elections Commission (CEC)

*a) Objectives of the grant, fields of intervention, priorities of the year and expected results*

The objective of the grant is to strengthen democracy in Palestine. The specific objective is to maintain CEC's readiness for upcoming elections, to buttress its institutional capacity and to strengthen its civic engagement with election stakeholders.

Particular attention will be paid to prevent that EU-supported activities contribute to incitement to hatred and/or violence. Implementation of this action will be in line with the intent of the EU Framework Decision on racism and xenophobia.

*(b) Justification of a direct grant*

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 based on the legal mandate of the Central Elections Commission (CEC) of Palestine. The CEC is an independent institution, as stipulated by Article 23 of the Election Law n°15 of 1995 and Article 22 of the Election law n°9 of 2005 and is regarded as one of the most credible, independent, and professional institutions in Palestine. The CEC is the sole body responsible for organising and conducting elections in Palestine, presidential, legislative and local. The CEC is present in both the West Bank (11 district offices) and the Gaza Strip (5 district offices). By law, elections can only be implemented by the CEC as they require a body with specific characteristics, due to its technical competence, its high degree of specialisation, and its administrative power (Article 195(1)(c), (d) and (f) FR).

*(d) Essential selection and award criteria*

The essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

*(e) Maximum rate of co-financing*

The maximum possible rate of co-financing for this grant is 80% of the eligible costs of the action.

If full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

*(f) Indicative trimester to conclude the grant agreement*

First trimester of 2020

#### **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 in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 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

|   | EU contribution<br>(EUR)   | Indicative third<br>party contribution<br>(EUR) |
|---|--|---|
| <b>5.3.1 Enhancing Gaza Economic Resilience</b>   | <b>7,000,000</b>   | <b>744,444</b>                                  |
| 5.3.1.1 Direct grant(s) "Gaza Economic Resilience" (direct management)  | 6,700,000  | 744,444   |
| 5.3.1.2 Procurement (direct management) Monitoring and Evaluation   | 300,000  |   |
| <b>5.3.2. – Supporting Palestinian presence in Area C</b>   | <b>9,778,867</b>   | <b>1,444,717</b>                                |
| 5.3.2.1 Direct Grant with MDLF (direct management)  | 5,778,867<br>of which 1.878,867 <sup>16</sup><br>from the Government of<br>Denmark through a<br>transfer agreement to be<br>signed | 1,444,717                                       |
| 5.3.2.2. Indirect management with UN-Habitat  | 4.000.000  |   |
| <b>5.3.3. – Promoting an energy sustainable Palestinian Industry</b>  | <b>6,000,000</b>   |   |
| 5.3.3.1. Indirect management with UNIDO   | 6,000,000  |   |
| <b>5.3.4. – Support to enhanced governance</b>  | <b>6,500,000</b>   | <b>15,480,262</b>                               |
| 5.3.4.1. Indirect management with UNDP-MPTF   | 3,000,000  | 15,000,000                                      |
| 5.3.4.2. Call for Proposals: "Support to Human Rights Civil Society Organisations' Initiatives" (direct management) | 500,000  | 26,315  |
| 5.3.4.3.<br>Direct Grant "Empowered and Protected Spaces for Civil Society Actors in Palestine" (direct management) | 1,500,000  | 78,947  |
| 5.3.4.4. – Direct Grant with Central Election Commission (direct management)  | 1,500,000  | 375,000   |
| <b>5.8 – Evaluation, 5.9 - Audit</b>  | <b>150,000</b>   | N.A.  |
| <b>5.10 – Communication and visibility<sup>17</sup></b>   | <b>400,000</b>   | N.A.  |
| <b>Contingencies</b>  | <b>0</b>   | N.A.  |
| <b>Totals</b>   | <b>29,828,867</b>  | <b>17,669,423</b>                               |

<sup>16</sup> This amount is indicative as the contribution is to be provided in Danish Kronor, in the amount of 14,000,000 DKK.

<sup>17</sup> Communication and visibility are pooled together and covers also the needs relating to the AAP 2018 - Action Document "Access to self-sufficient water and energy services".

## **5.6 Organisational set-up and responsibilities**

### **Support to Sustainable Economic Development**

#### *Component 1: Enhancing Gaza Economic Resilience*

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. Programme governance will rest within the forum of a Steering Committee, chaired by the Ministry of National Economy, tasked with overseeing implementation, approving strategic decisions, guiding and advising.

#### *Component 2: Supporting Palestinian presence in Area C*

A Steering Committee will oversee the implementation of this component. The steering committee will discuss, review and endorse the selection of locations and the respective social and public infrastructure projects to be built. The Steering Committee will be composed of the PA, EU, MDLF, UN-Habitat and of the donor(s) co-financing the Action.

#### *Component 3: Promoting an energy sustainable Palestinian Industry*

A Project Management Unit (PMU) will manage the project implementation on a day-to-day basis and co-ordinate annual meeting of the Project Steering Committee (PSC). The PMU will be headed by a project officer supported by a technical expert stationed in the West Bank, a technical expert stationed in the Gaza Strip, and support staff. The Unit will co-ordinate, oversee and facilitate the TA provided by the international and national experts.

The PSC will meet annually to provide strategic project advice, review and approve work plans, and mobilize relevant stakeholders and potential partners. The PSC will be composed of various stakeholders including MoNE, the EU, PENRA and PERC.

#### *Component 4: Support to enhanced governance*

*UNDP-MPTF for Joint Programme Sawasya II:* The joint programme as a whole will be supported by a 'Joint Secretariat', to provide common support functions for the programme. A Joint Programme Manager will have the overall management of Sawasya II, ensuring achievement of expected programmatic results and consolidating and issuing joint narrative and financial reports. The Joint Programme Manager will be supported by the "Joint Programme Management Team" comprised of 'second tier' programme management from the three UN entities, who will provide day-to-day management of the agency-specific teams and components. Second tier managers will report firstly to the Joint Programme Manager, with secondary reporting lines to their respective UN organisations. A Joint Programme Steering Committee will be established to, among others, provide programmatic guidance and oversight and contribute to the strategic direction of the Programme. It will be chaired by the UN Resident Co-ordinator and comprise the UN agencies, government representatives and donors.

*Human Rights:* A Steering Committee will be set up for the Grant "Empowered and Protected Spaces for Civil Society Actors in Palestine", which would involve the Palestinian Human Rights Organisations Council (PHROC) and some civil society platforms, European

organisations and probably international organisations. The Steering Committee will ensure co-ordination, complementarity, and synergies and avoid overlapping.

The *Central Elections Commission* will manage the Grant and co-ordinate all actions through the *Ad Hoc* working group on Elections under the LACS framework for which EUREP is the Deputy Chair.

### **5.7 Performance 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 list of result indicators (for budget support). 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.

Component 1 "Enhancing Gaza Economic Resilience" foresees an autonomous component of Monitoring and Evaluation that will be procured through a service contract. The aim is to strengthen the regular activities of M&E carried out by implementing partner and Contracting Authority. Monitoring activities will be accompanied by ad hoc case studies of specific aspects of the intervention, with the aim of enriching the overall socio-economic and business understanding of ongoing dynamics. Outputs produced will inform the work of the project's Steering Committee.

With regard the Component 2, and in particular to the activities to be implemented by UN-Habitat, the monitoring system will include an update of the Ministry of Local Government's master plans' database.

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, different evaluation(s) will be carried out for this action or its components via independent consultants contracted by the Commission and via the implementing partners. As mentioned under Paragraph 5.7, Component 1 "Enhancing Gaza Economic Resilience" will foresee an autonomous component of Monitoring and Evaluation that will perform mid-term and final evaluations. Component 4 "UNDP – MPTF Joint Programme *Sawasya II*" foresees a mid-term independent evaluation two and a half years into the programme and a final impact evaluation to be conducted 3 months before completion of the programme. Additionally, the Delegation will conduct an evaluation one year into the signing of the programme to assess the opportunity to continue funding it.

Furthermore, final evaluations may be carried out for the different components of the action, contracted by the implementing partners or 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.

Indicatively, one contract for evaluation services shall be concluded under a framework contract for the overall Action in the middle of the operational implementations under the budget mentioned in 5.5. Furthermore, as mentioned above, a service contract will be concluded for Component 1's monitoring and evaluation. Finally, 4 services contracts for evaluation services shall be concluded through competitive negotiated procedure in the end of the operational implementation by the implementing partners, i.e. UN-Habitat, UNIDO.

## **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. Indicatively, three contracts for audit services shall be concluded under a framework contract during the operational implementation period or the closure phase of this action.

## **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 and supported with the budget indicated in section 5.5 above. Furthermore, for the international organisations i.e. UN-Habitat, UNIDO, and UNDP a Visibility and Communication Plan will be annexed to the Delegation Agreement.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, 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 Manual for European Union External Action 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 under negotiated competitive procedure during the operational implementation period of this Action.

Communication and visibility included in this Action Document will also cover the needs of the AAP 2018 Action Document "Access to self-sufficient water and energy services - ENI/2018/041-138".

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**[APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) <sup>18</sup>]**

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

**Component 1: Gaza Economic Resilience**

|  | <b>Results chain</b>   | <b>Indicators</b>   | <b>Baselines (2016)</b>  | <b>Targets (2020)</b>  | <b>Sources and means of verification</b>   | <b>Assumptions</b>   |
|--|--|---|--|--|--|--|
| <b>Overall objective: Impact</b>         | Contributing to growth in Gaza through broad based and inclusive economic models   | GDP growth**<br>GDP per capita growth**<br>Food insecure households**<br>Unemployment rate by gender**<br><br>Men and women living in poverty**<br><br>Gender Development Index*  | 3,8% <sup>(2016)</sup><br>1% <sup>(2016)</sup><br>47% <sup>(2014)</sup><br>M 34,4% <sup>(2016)</sup><br>F 65,2% <sup>(2016)</sup><br>M 25,5% <sup>(2016)</sup><br>F 26,2% <sup>(2016)</sup><br>0,867(2015) | 5% <sup>(2020)</sup><br>1% <sup>(2020)</sup><br>40% <sup>(2020)</sup><br>M 36,4% <sup>(2020)</sup><br>F 67,2% <sup>(2020)</sup><br>M 22,5% <sup>(2020)</sup><br>F 23,2% <sup>(2020)</sup><br>n/a | PCBS, Ministry of Economy, Ministry of Labor, Ministry of Agriculture, FAO, WFP, UNRWA, UNDP | Security and political situation remains sufficiently stable<br><br>The Israeli Government eases movements of goods and people             |
| <b>Specific objective(s): Outcome(s)</b> | To strengthen economic resilience of vulnerable economic groups through stronger market links and more competitive business practices. | % of businesses in profit<br>% self-employed able to cater for family needs<br>% employees able to cater for family needs<br># jobs created<br>Volume of loans mobilised<br># of registered enterprises<br><br>(relevant data will be disaggregated by type and size of business, sector, gender) | 0 <sup>(2018)</sup><br>0<br>0<br>0<br>0<br>0   | 60% <sup>(2023)</sup><br>60%<br>60%<br>600<br>480,000 USD<br>20%   | Programme reports<br><br>Studies/Analysis  | The key drivers of the purchasing power crisis (PA salary cut, electricity crisis, restricted access to credit) are halted and/or reversed |
| <b>Outputs</b>                           | Result 1 A multi-stakeholders mechanism governs decision making<br><br>Result 2 Fact-based studies and analysis inform decision making | Strategic decisions taken within a multi-stakeholders platform<br><br>Poverty and food security mapping exercises, risk and vulnerability analysis, market development studies,   | 0<br><br>0   | As needed<br><br>As needed   | Programme reports<br><br>Studies/Analysis  | Support from Local Government Authorities  |

<sup>18</sup> Mark indicators aligned with the relevant programming document mark with '\*\*' and indicators aligned to the EU Results Framework with '\*\*\*'.



|  |  |   |   |           |                                |  |
|--|--|---|---|-----------|--------------------------------|--|
|  | Result 3 Provision of livelihood/business support packages/access to credit  | # of individual livelihoods/business models supported   | 0 | 800       | Programme & Monitoring reports | Security situation in the targeted communities (including ARA) allows income generating activities |
|  |  | # of loans opened   | 0 | 160       |                                |  |
|  |  | # of matching grants  | 0 | 800       |                                |  |
|  |  | # of direct/indirect beneficiaries  | 0 | 1400/8400 |                                |  |
|  |  | # of advocacy/policy making activities specifically targeting internal and/or external business environment constraints | 0 | As needed | Programme & Monitoring reports |  |
|  | Result 4 Advocacy/Policy making impact transforming structures and processes | # of advocacy/policy actions  | 0 | As needed | Programme & Monitoring reports |  |
|  | Result 5 Monitoring & evaluation   | M&E outputs inform decision making processes  | 0 | 14        | M&E reports                    |  |
|  |  | (relevant data will be disaggregated by type and size of business, sector, gender)                                      |   |           |                                |  |

## Component 2: Area C

|  | Results chain   | Indicators  | Baselines<br>(incl. reference year)   | Targets<br>(incl. reference year)   | Sources and<br>means of<br>verification   | Assumptions  |
|--|---|---|---|---|---|--|
| <b>Overall<br/>objective:<br/>Impact</b>     | To promote inclusive and sustainable economic development within a better functioning Palestinian democracy | Macro indicators on (i) the ownership status of occupants of Palestinian Communities in Area C and (ii) Socio-economic conditions.  |   |   |   |  |
| <b>Specific objective(s):<br/>Outcome(s)</b> | To improve the social and economic conditions of Palestinian communities in Area C;                         | <p># of dunums (area) coverage of land-based information related ownership, uses, etc.**</p> <p># of dunums (area) coverage about management of agricultural and public lands to sustain livelihood and increases local economic potentials **</p> <p># of direct beneficiaries that have access to basic services **</p> | <p>About 100,000 dunums of land surveyed in terms of ownership in Area C. year 2017</p> <p>20,000 dunums of agricultural lands with high and medium value surveyed and managed 2017.</p> <p>3,346 people, 2017 (female 49% = 1639)</p> <p>40,000 people, 2018</p> | <p>About 170,000 dunums of land surveyed in terms of ownership, 2021.</p> <p>40,000 dunums of agricultural lands with high and medium value surveyed and managed 2021.</p> <p>55,000 people, 2021</p> | <p>National statistics reports</p> <p>Relevant service delivery sector reports</p> <p>Media reports</p> | <p>Palestinian communities maintain confidence that plans and social infrastructures projects will results in improvement of their lives</p> |

|                |   |   |   |  |  |  |
|----------------|---|---|---|--|--|--|
| <b>Outputs</b> | <p>Result 2.1 Improved resilience and tenure security of Palestinian communities in Area C through spatial economic planning and mapping of land rights;</p>                      | <p>2.1.1 # Local (Detailed) Outline Plans are consolidated in close consultation with local communities to advance discussions with the ICA</p> <p>2.1.2 Tables of 'land register' (# dunums) are identified and endorsed by targeted local communities</p> <p>2.1.3 % of land registered owned by women.</p> | <p>Over 400 sectoral meetings with technical specialist took place since 2017</p> <p>25 Local Outline Plans are ready for approval</p> <p>Over 70,000 dunums of land settled and registered</p> <p>Over 30% of registered land owned by women</p> | <p>Over 500 sectoral meetings with technical specialist will take place by 2021</p> <p>45 Local Outline Plans are ready for approval</p> <p>Over 140,000 dunums of land settled and registered</p> <p>Over 35% of registered land owned by women</p> | <p>Outlines plans including transportation and water &amp; sewage plans. Planning community reports</p> <p>LWSC's reports</p> <p>Humanitarian reports</p> <p>Evaluation report</p> <p>Project monitoring reports</p> <p>Minutes of the working group</p> | <p>Full support and co-operation of the Palestinian local communities and MoLG/LWSC with the involved Palestinian planning agencies.</p> |
|                | <p>Result 2.2 Improved access to essential social and public infrastructure in Area C;</p>  | <p>2.2.1 # of communities that have new or enhanced public and social infrastructure in Area C</p> <p>2.2.2 Number of essential social and public infrastructure projects implemented in Area C</p>   | <p>32 communities, 2017</p> <p>42 social public infrastructure projects, 2017</p>   | <p>42 communities , 2021</p> <p>62 social and public infrastructure projects, 2021</p>   |  |  |
|                | <p>Result 2.3 Strengthening the Palestinian institutions' capacity to perform land-based function in Area C and deliver essential social and public infrastructure in Area C.</p> | <p>2.3.1 # of working models and practical tools are in place to guide the land titling processes across the West Bank territory –Area C.</p>   | <p>Main national partners (LWSC, PLA, MoFP) are not yet engaged in a collaborative discussion with development and resources partners</p>   | <p>Main national partners (LWSC, PLA, MoFP) are engaged in a collaborative discussion with development and resources partners – a designated thematic working group is established</p>   |  |  |

### Component 3: Promoting Sustainable Energy in Palestinian Industry

|  | Results chain   | Indicators   | Baselines<br>(incl. reference<br>year)           | Targets<br>(incl. reference year)  | Sources and means<br>of verification  | Assumptions   |
|--|---|--|--|--|---|---|
| <b>Overall<br/>objective:<br/>Impact</b>     | To reduce GHG emissions and improve energy security   | GHG emissions<br>Domestic electricity production from renewable energy sources   | TBD<br>18 MW                                     | TBD<br>130 MW by 2020  | Palestine Energy Authority statistics, PCBS, UNFCCC   |   |
| <b>Specific objective(s):<br/>Outcome(s)</b> | Increase competitiveness in the industrial sector in Palestine through sustainable energy solutions | <ol style="list-style-type: none"> <li>1. Number of RE/EE demonstration projects funded and implemented</li> <li>2. Number of national experts trained in RE and EnMS</li> <li>3. Number of start-ups and entrepreneurs supported</li> <li>4. Lifetime direct and indirect project CO<sub>2</sub> emission reductions</li> <li>5. MWh's of annual reduced electricity consumption in the industrial sector due to EE/RE solutions</li> </ol> | <p>0</p> <p>0</p> <p>0</p> <p>TBD</p> <p>TBD</p> | <ol style="list-style-type: none"> <li>1. 100 RE/EE demonstration projects implemented</li> <li>2. 250 experts trained in RE and/or energy management</li> <li>3. 90 RE/EE startups and entrepreneurs supported through accelerator and mentorship programmes</li> <li>4. TBD tonnes of CO<sub>2</sub> emissions abated</li> <li>5. TBD MWh of annual electricity saved</li> </ol> | <ul style="list-style-type: none"> <li>-Procurement documents/contract</li> <li>-Progress reports</li> <li>-Invoices</li> <li>-Site visits</li> <li>-Business models</li> <li>-Feasibility studies</li> <li>-Financial documents</li> </ul> | <p>Co-operation of PENRA and PA continues</p> <p>Willingness of business owners to adopt the new technology</p> |

|  |  |  |                                |   |   |  |
|--|--|--|--------------------------------|---|---|--|
|  | Outcome 1: The policy and regulatory environment for RE/EE in the industrial sector is strengthened including a green economy agenda | <ol style="list-style-type: none"> <li>1. Number of industrial SMEs utilizing net metering</li> <li>2. Number of industrial enterprises involved in the implementation of the NEEAP</li> <li>3. Policy guidelines for supply of innovative RE solutions adopted</li> </ol> | <p>TBD</p> <p>TBD</p> <p>0</p> | <ol style="list-style-type: none"> <li>1. Increase in the number of industrial SME utilizing net-metering</li> <li>2. Increase in the number of industrial enterprises involved in the implementation of the NEEAP Increase in the number of policy guidelines for supply of innovative RE solutions adopted</li> </ol> | <p>-Official documents and progress reports produced by governmental institutions or UNIDO</p>  | <p>Co-operation of PENRA and PA continues</p> <p>Willingness of business owners to adopt the new technology</p>                |
|  | Outcome 2: Local capacity to design and implement RE/EE projects in the industrial sector is developed                               | <ol style="list-style-type: none"> <li>1. Number of job created after completion of training</li> <li>2. Percentage increase in knowledge and skills among RE/EE experts</li> <li>3. Number of trained experts certified</li> </ol>  | <p>0</p> <p>0</p> <p>0</p>     | <ol style="list-style-type: none"> <li>1. Increased job opportunities for RE/EE experts</li> <li>2. Increased capacity among national RE/EE experts</li> <li>3. 50 energy experts certified (60% WB and 40% Gaza)</li> </ol>  | <p>- Employment surveys of trainees after graduation</p> <p>- Agendas, minutes of meeting, and attendance sheets</p> <p>-Training materials, attendance sheets, pre- and post- training exams, and certificates issued by UNIDO</p>     | <p>Successful completion of training for the experts</p> <p>Willingness of SMEs to allocate budgets for RE and EE services</p> |
|  | Outcome 3: Demand for clean energy technologies in the industrial, to support the green economy agenda, is created                   | <ol style="list-style-type: none"> <li>1. Number of industrial SMEs implementing EE and RE projects</li> <li>2. Number of enterprises implementing new business models for RE/EE solutions</li> </ol>  |                                | <ol style="list-style-type: none"> <li>1. Increase in industrial SMEs implementing EE and RE projects (low-cost, no-cost, and bankable projects)</li> <li>2. Increase in enterprises implementing new business models for RE/EE solutions</li> </ol>  | <p>-Procurement documents/contracts</p> <p>-Engineering designs</p> <p>-Implementation plans</p> <p>-Progress reports</p> <p>-Site visits</p> <p>-Business models</p> <p>-Feasibility studies</p> <p>-Loans and financial documents</p> | <p>Interest from industrial SMEs to allocate resources to RE and EE measures</p>   |

|         |   |  |                                     |   |   |   |
|---------|---|--|-------------------------------------|---|---|---|
|         | Outcome 4: Innovation and entrepreneurship in the clean technology sector is fostered                         | <ol style="list-style-type: none"> <li>1. Number of new innovative, clean tech products on the market</li> <li>2. Number of RE and EE start-ups and enterprises formed</li> <li>3. Number of RE and EE start-ups and entrepreneurs receiving investment from local and international source</li> </ol> | <p>0</p> <p>TBD</p> <p>TBD</p>      | <ul style="list-style-type: none"> <li>- Increase in the number of new innovative, clean tech products on the market</li> <li>- Increase in locally-owned RE and EE start-ups and enterprises</li> <li>- Increase in RE and EE start-ups and entrepreneurs receiving investment from local and international sources</li> </ul> | <ul style="list-style-type: none"> <li>-Business documents, such as MOUs, contracts, and product specs and progress reports</li> <li>-Business competition awards and seed funding documents</li> <li>-Participant registration</li> <li>-Agendas, minutes of meeting, and attendance sheets</li> </ul> | Quality of submitted business plans   |
| Outputs | Output 1.1. Net-metering regulation operationalised and enforced  | <ol style="list-style-type: none"> <li>1. Number of operational guidelines for net metering developed</li> <li>2. Number of standard contracts developed</li> <li>3. Number of enforcement mechanisms developed</li> <li>4. Number of staff trained in enforcement mechanisms</li> </ol>               | <p>0</p> <p>0</p> <p>0</p> <p>0</p> | <ol style="list-style-type: none"> <li>1. One (1) operational guidelines</li> <li>2. One (1) standard contract for net-metering projects</li> <li>3. One (1) enforcement mechanism</li> <li>4. TBD number of staff trained</li> </ol>   | <ul style="list-style-type: none"> <li>-Official documents and progress reports produced by governmental institutions or UNIDO</li> <li>- Attendance sheets</li> </ul>  | <p>Co-operation of PENRA and PA continues</p> <p>Willingness to co-operate of the electricity distribution companies</p>            |
|         | Output 1.2 Development and implementation of the industrial EE measures in the Palestinian NEEAP is supported | <ol style="list-style-type: none"> <li>1. Number of implementation plans developed</li> <li>2. Number of industrial sectors with EE targets</li> <li>3. Number of monitoring and verification (M&amp;V) frameworks developed for the NEEAP</li> </ol>  | <p>0</p> <p>0</p> <p>0</p>          | <ol style="list-style-type: none"> <li>1. One (1) implementation plan</li> <li>2. Three (3) industrial sectors</li> <li>3. One (1) M&amp;V framework</li> </ol>   | <ul style="list-style-type: none"> <li>-Official documents and progress reports produced by governmental institutions or UNIDO</li> </ul>   | Co-operation of PENRA and PA continues  |
|         | Output 1.3 Policy guidelines for innovative RE supply solutions, including biogas, developed                  | <ol style="list-style-type: none"> <li>1. Number of policy and regulatory guidelines for innovative RE electricity supply solutions</li> <li>2. Number of safety standards for biogas</li> </ol>   | <p>0</p> <p>0</p>                   | <ol style="list-style-type: none"> <li>1. One (1) policy and regulatory guidelines</li> <li>2. One (1) safety standard</li> </ol>   |   | <p>Co-operation of PENRA and PA continues</p> <p>Interest from the private sector in innovative RE electricity supply solutions</p> |

|  |   |  |                                 |  |   |  |
|--|---|--|---------------------------------|--|---|--|
|  | Output 2.1 Tailored training on the design, installation and maintenance of renewable energy technologies, i.e. solar and biogas, is delivered    | <ol style="list-style-type: none"> <li>-Number of national experts/technicians trained in RE technologies</li> <li>Trainee perception of quality of training provided</li> </ol>   | <p>TBD</p> <p>--</p>            | <ul style="list-style-type: none"> <li>100 national experts/technicians (70% men and 30% women; 60% WB and 40% Gaza)</li> <li>70% of trainees with positive perception of the training provided</li> </ul>   | <ul style="list-style-type: none"> <li>-Training materials</li> <li>-Training attendance and certificates</li> <li>-Training exams and evaluation forms</li> <li>-Satisfaction surveys after training completion</li> </ul> | Interest from eligible individuals in the training                                   |
|  | Output 2.2 Training on energy management systems and energy auditing to industrial end users and service providers is delivered                   | <ol style="list-style-type: none"> <li>Number of national experts trained</li> <li>Number of industrial enterprises staff trained</li> <li>Trainee perception of quality of training provided</li> </ol>   | <p>TBD</p> <p>TBD</p> <p>--</p> | <ol style="list-style-type: none"> <li>50 energy management experts trained (70% men and 30% women; 60% WB and 40% Gaza)</li> <li>250 industrial enterprise staff trained (70% men and 30% women; 60% WB and 40% Gaza)</li> <li>70% of trainees with positive perception of the training provided</li> </ol> | <ul style="list-style-type: none"> <li>-Training materials</li> <li>-Training attendance and certificates</li> <li>-Training exams and evaluation forms</li> <li>-Satisfaction surveys after training completion</li> </ul> | Interest from eligible individuals in the training                                   |
|  | Output 2.3 A peer-to-peer platform for information exchange, co-operation and partnerships between SMEs and energy service providers is developed | <ol style="list-style-type: none"> <li>Number of peer-to-peer platforms established</li> <li>Number of active participants on the platform</li> <li>Number of in-person networking events hosted</li> </ol>  | <p>0</p> <p>0</p> <p>0</p>      | <ol style="list-style-type: none"> <li>One (1) online peer-to-peer exchange platform</li> <li>25 engaged users (70% men and 30% women; 60% WB and 40% Gaza)</li> <li>2 in-person meetings held each year (50% WB and 50% Gaza)</li> </ol>  | <ul style="list-style-type: none"> <li>- URL of the Online platform</li> <li>-Progress reports</li> <li>-Attendance records</li> </ul>  | Interest from SMEs and energy service providers in networking and knowledge exchange |
|  | Output 3.1 Awareness of various target groups on the potential for sustainable energy and importance of green economic development raised         | <ol style="list-style-type: none"> <li>Number of workshops, conferences, stakeholder engagement meetings</li> <li>Number of people reached through the public awareness campaigns</li> <li>Number of annual award given to sustainable energy champions</li> </ol> | <p>0</p> <p>0</p> <p>0</p>      | <ol style="list-style-type: none"> <li>30 workshops, conferences, and meetings (60% WB and 40% Gaza)</li> <li>500 people reached (70% men and 30% women; 60% WB and 40% Gaza)</li> <li>One (1) annual award</li> <li>3 technical tours</li> </ol>  | <ul style="list-style-type: none"> <li>-Agendas and minutes of meeting</li> <li>-Attendance records</li> <li>-Annual awards</li> <li>-Technical tour materials</li> <li>-Case studies</li> <li>-Press releases</li> </ul>   |  |

|  |   |   |  |  |  |   |
|--|---|---|--|--|--|---|
|  |   | 4. Number of technical tours of demonstration projects<br>0   |  | 5. 50 case studies                                 |  |   |
|  |   | 5. Number of case studies on demonstration projects disseminated<br>0   |  |  |  |   |
|  | Output 3.2 RE/EE demonstration projects for 100 enterprises in the targeted sectors are implemented                     | 1. Number of energy audits conducted<br>TBD   |  | 1. 100 audits (60% WB and 40% Gaza)                | -Procurement documents/contracts<br>-Engineering designs<br>-Implementation plans<br>-Progress reports<br>-Invoices<br>-Site visits                                | Interest from industrial SMEs to allocate resources to RE and EE measures                           |
|  |   | 2. Number of enterprises implementing RE or EE demonstration projects<br>0                                      |  | 2. 75 enterprises (60% WB and 40% Gaza)            |  |   |
|  | Output 3.3 Linkages to financing instruments available for financing clean energy projects is established               | 1. Number of projects identified and added to the pipeline<br>0   |  | 1. 75 projects identified (60% WB and 40% Gaza)    | -Project pipeline<br>-Business plans<br>-Feasibility studies<br>-Official referral to SUNREF<br>-SUNREF official documentation on loans and financing arrangements | Willingness of SUNREF and banks to co-operate   |
|  |   | 2. Number of industrial enterprises receiving support in developing business plans and feasibility studies<br>0 |  | 2. 75 industrial enterprises (60% WB and 40% Gaza) | -Training materials<br>-Training attendance and certificates<br>-Training exams and evaluation forms   |   |
|  |   | 3. Number of projects referred to SUNREF<br>--  |  | 3. TBD   |  |   |
|  |   | 4. Number of projects financed by SUNREF (and the loan amounts received through the fund)<br>--                 |  | 4. TBD   |  |   |
|  |   | 5. Number of industrial enterprises and energy experts trained in financial analysis<br>TBD                     |  | 5. 300 personnel and experts (60% WB and 40% Gaza) |  |   |
|  | Output 3.4 New business models for delivery of decentralised energy solutions and mini-grids are developed and promoted | 1. Number of business models developed and promoted<br>0  |  | 1. TBD   | -Business model promotional materials<br>-Project/progress reports<br>-Business-related documents, contracts, and invoices   | Co-operation of PENRA and PA continues; Willingness of business owners to adopt new business models |
|  |   | 2. Number of enterprises and EE/RE service providers implementing new business models<br>0                      |  | 2. 5 enterprises and service providers             |  |   |
|  |   | 3. Number of sustainable energy associations<br>0   |  | 3. 2 associations                                  |  |   |



|  |   |  |   |   |   |  |
|--|---|--|---|---|---|--|
|  |   | strengthened                                 |   |   |   |  |
| Output 4.2 Innovation business competitions targeting the clean energy and clean technology solutions are completed                        | <ol style="list-style-type: none"> <li>1. Number of innovative business competitions focused on clean energy held</li> <li>2. Number of awards given</li> <li>3. Number of entrepreneurs and start-ups receiving seed funding</li> <li>4. Number of entrepreneurs/innovators participating in the competitions</li> <li>5. Number of attendees, mentors, and investors at each competition</li> </ol> | <p>0</p> <p>0</p> <p>0</p> <p>0</p> <p>0</p> | <ol style="list-style-type: none"> <li>1. 3 competitions</li> <li>2. 9 Awards</li> <li>3. 9 entrepreneurs and start-ups</li> <li>4. 45 innovators and entrepreneurs (70% men and 30% women; 60% WB and 40% Gaza)</li> <li>5. TBD</li> </ol>                     | <ul style="list-style-type: none"> <li>-Business competition planning documents</li> <li>-Agendas and schedules</li> <li>-Participant and attendee registration</li> <li>-Official business documents</li> </ul>  | <p>Interest in innovation and entrepreneurship</p> <p>Interest in participation in the competition</p>      |  |
| Output 4.3 Support for innovators in product design and prototyping with the assistance of international experts in this field is provided | <ol style="list-style-type: none"> <li>1. Number of innovators and entrepreneurs supported</li> <li>2. Number of local experts recruited and trained to provide business accelerator services</li> <li>3. Number of success stories, lessons learned, and best practices shared</li> </ol>  | <p>0</p> <p>0</p> <p>0</p>                   | <ol style="list-style-type: none"> <li>1. 90 innovators and entrepreneurs (70% men and 30% women; 60% WB and 40% Gaza)</li> <li>2. 10 local experts (70% men and 30% women; 60% WB and 40% Gaza)</li> <li>3. 10 success stories lessons learned, and</li> </ol> | <ul style="list-style-type: none"> <li>-Participant registration</li> <li>-Agendas, minutes of meeting, and attendance sheets</li> <li>-Web stories, case studies, and reports on success stories and lessons learned</li> <li>-Business documents, such as MOUs, contracts, and product specs</li> </ul> | <p>Interest from potential/existing innovators and entrepreneurs in the structured accelerator approach</p> |  |

|  |   |  |                            |  |   |   |
|--|---|--|----------------------------|--|---|---|
|  |   |  |                            | best practices (60% WB and 40% Gaza)   | and progress reports  |   |
|  | Output 4.4 Mentorship to clean tech start-ups in the commercialisation of products and services related to renewable energy and energy efficiency is provided | <ol style="list-style-type: none"> <li>1. Number of innovators and start-ups participating in the programme</li> <li>2. Number of mentors and coaches participating in the programme</li> <li>3. Number of events organised to create relationships between start-ups and investors</li> </ol> | <p>0</p> <p>0</p> <p>0</p> | <ol style="list-style-type: none"> <li>1. 45 start-ups and innovators receiving mentoring and coaching (70% men and 30% women; 60% WB and 40% Gaza)</li> <li>2. 15 mentors and coaches(70% men and 30% women; 60% WB and 40% Gaza)</li> <li>3. 9 events organised to create relationships between start-ups and investors (60% WB and 40% Gaza)</li> </ol> | -Participant and mentor registration<br>-Agendas, minutes of meeting, and attendance sheets | Interest from potential/existing innovators and entrepreneurs in receiving mentorship |

Component 4: Support to enhanced governance

|                           | Results chain  | Indicators  | Baselines<br>(incl. reference year)  | Targets<br>(incl. reference year)   | Sources and<br>means of<br>verification   | Assumptions |
|---------------------------|--|---|--|---|---|-------------|
| Overall objective: Impact | To promote rule of law, fundamental freedoms, democratisation including through the protection of human rights organisations and defenders at the national and international levels. | <ul style="list-style-type: none"> <li>- Proportion of <b>progress</b> in the implementation and protection of the human rights obligations under international obligations for fundamental freedoms by the different duty-bearers.</li> <li>- Percentage of public who have trust in and are satisfied with legal and judicial processes (disaggregated by sex and age)</li> </ul> | <ul style="list-style-type: none"> <li>Baselines to be found in</li> <li>- State party reports</li> <li>- UN Special Rapporteurs reports</li> <li>- Existing legislative frameworks</li> </ul> | <ul style="list-style-type: none"> <li>- Institutional &amp; legislative integration in domestic laws for enabling environment for media, press and civil society to exercise their rights of Freedoms of expression, association and assembly</li> <li>- Enhanced positive policies and statements in favour of civil society</li> </ul> | <ul style="list-style-type: none"> <li>- legislative modifications introduced to specific laws</li> <li>- ICHR reports</li> <li>-UN Special rapporteurs' reports</li> <li>- HR Reports of international organisations</li> <li>- Public Statements</li> </ul> |             |

|                                   |   |  |  |   |   |  |
|-----------------------------------|---|--|--|---|---|--|
| Specific objective(s): Outcome(s) | <p>4. To strengthen and reunify rule of law institutions guaranteeing access to justice and promoting democracy, fundamental freedoms of expression and association including for Human Rights Defenders and organisations.</p> | <p>4.1 Number of human rights defenders &amp; CS actors who have enhanced their capacity as a result of EU support **</p> <p>4.2 The holding of national <i>or</i> local elections where the electoral process is perceived by independent observers as free and fair **</p> <p>4.3 Number of relevant laws/regulations aligned/reviewed (including those related to FoE, FoA, human rights and electoral reform) and amended in compliance to international treaties and standards and produced following an effective, transparent and participatory legislative process *</p> <p>4.4 Number of unsentenced detainees as a proportion of overall prison population</p> <p>4.5 Proportion of received &amp; investigated complaints on rights of FoE/ FoA by national human rights institution (ICHR) or ombudsperson or other mechanism and the proportion of effective responses by government (disaggregated sex/age) *</p> <p>4.6 Number of Shadow party reports submitted that comply with international conventions and international guidelines.</p> | <p>Baselines taken from:</p> <ul style="list-style-type: none"> <li>- State party reports</li> <li>- Civil Society Shadow reports</li> <li>- ICHR reports</li> <li>- PCBS Surveys</li> <li>- Civil Society Index (2016)</li> <li>- Freedom of Expression Index</li> <li>- CEC reports</li> <li>- Review of EIDHR-CBSS Programme 2011-2015.</li> <li>- No existing joint advocacy outreach strategy among HRDs</li> </ul> <p>4.3: baseline 2018: 1</p> <p>4.4 Baseline 2018 TBD</p> <p>Current situation</p> <p>1 (CEDAW)</p> | <p>Relevant laws reviewed by the Inter-ministerial committee for compliance with the human rights treaties</p> <ul style="list-style-type: none"> <li>- Better policies in favour of CS.</li> <li>- Data-base on trends of attacks/violations by CS.</li> <li>- Joint Advocacy Outreach Strategy among HRDs/CS actors with joint consolidated response and protection mechanism</li> <li>- Increased awareness of national, regional &amp; international bodies on the CSOs and HRDs situation with more proactive role in protecting freedoms and enabling environment.</li> </ul> <p>4.3: 2020: +2 laws</p> <p>4.4 2020: -decrease in number of unsentenced detainees,</p> <p>Increase of investigated complaints</p> <p>xx</p> | <ul style="list-style-type: none"> <li>- Reports &amp; communications from the special rapporteurs on the promotion of the right to FoE/FoA</li> <li>- Legislative modifications introduced to laws related to freedom of expression, association, human rights and electoral reform</li> <li>- ICHR reports</li> <li>-UN Special rapporteurs' reports</li> <li>-CS shadow/ alternative reports</li> <li>- Document review: Official Gazette (OG), process related documentation. Administrative data (e.g. resources allocated to legislation drafting)</li> <li>- CS monitoring framework (Data Base).</li> <li>-4.4 --Palestinian Civil Police (PCP)</li> <li>-High Judicial Council</li> <li>- Attorney General Office</li> </ul> | <p>-Sufficient of political commitment of duty-bearers to implementation of the international treaties &amp; commitments in national legislations</p> <p>-Relevant stakeholders open and committed to the action objectives and results and combat anti-democratic practices</p> <p>- Willingness of public bodies to make legislative revisions and better policies in favour of fundamental freedoms, democracy and CS</p> |
|-----------------------------------|---|--|--|---|---|--|

|                       |   |   |  |   |   |  |
|-----------------------|---|---|--|---|---|--|
| <b>Direct outputs</b> | <p><b>Result 4.1</b> Rule of law institutions are strengthened in line with international standards.</p> <p><b>Result 4.2</b> Service provision by rule of law institutions is improved and access to justice and security responds better to the needs of women, children and other vulnerable groups without discrimination, including in area C, Hebron 2 and EJ, and in co-operation with civil society.</p> <p>Result 4.3 Empowered human rights defenders and organisations with strengthened linkages, mechanisms and advocacy at national, regional and international fora.</p> <p>Result 4.4 Enhanced democracy, freedoms of association, expression and online &amp; offline media/press.</p> | <p>4.1.1 Number of CS monitoring report on justice and security sector published with support by the project</p> <p>4.2.1 Number of children in conflict with the Palestinian law detained at the Family and Juvenile Protection units*</p> <p>4.2.2 % of public aware and satisfied of the legal aid services provided by the PA*</p> <p>4.2.3 % increase of number of cases on violence against women filed and disposed of annually*</p> <p>* disaggregated by gender and/or age</p> <p>4.3.1 Proportion of information requested by the media and CSO effectively responded to by the Government (disaggregated by gender and age)</p> <p>4.3.2 Number of newspapers, articles, and other media broadcasts casts closed or censored by regulatory authorities</p> <p>4.3.3 Development of a response/ engagement advocacy strategy on fundamental freedoms covering national and international fora.</p> <p>4.3.4 Proportion of civil society use of protection mechanism and arrest of HRDs.</p> <p>4.3.5 Number of human rights defenders &amp; CS actors who have received EU support **</p> <p>4.4.1 Degree of proactive co-operation between Palestinian-European Journalists and exchange of visits.</p> <p>4.4.2 Proportion of access to information by community, individuals and CS.</p> <p>4.4.3 # of workshops co-ordinated with local councils on women and youth engagement and participation in local government</p> <p>4.4.4 # of workshops /seminars co-ordinated with regional or European platforms on HRDs in Palestine</p> <p>4.4.5 # of grants allocated to CSOs for civic engagement &amp; promoting fundamental freedoms activities; # actions (workshops, courses, study visits, trainings) arranged (at universities/schools) to promote civic participation/education, electoral awareness.</p> | <p>Baselines from:</p> <ul style="list-style-type: none"> <li>- MoJ/Ministry of social Development –Palestinian Civil Police (PCP) (juveniles); UNDP reports</li> <li>- ICHR reports</li> <li>- Civil Society Index (2016)</li> <li>- Freedom of Expression Index</li> <li>- Palestinian Civil Police (PCP)</li> <li>-High Judicial Council - Mizan system</li> <li>- Attorney General Office</li> <li>- CEC reports</li> </ul> <p>4.1.1: 0</p> <p>4.2.1: 2017: 386 (385 male and 1 female)</p> <p>4.2.2: TBD</p> <p>4.2.3: 2017: 3346 filed cases / disposed of TBD</p> | <ul style="list-style-type: none"> <li>- Decrease in violations of FoE and FoA rights</li> <li>- Decrease in attacks against CSOs/HRDs, journalists, HRDs, media and press outlets</li> <li>- EURO-PAL journalists' exchange programme</li> <li>- One CS Response/ engagement Strategy on FoE and FoA</li> <li>- Increase in access to information</li> <li>Increased participation of women and youth in local government</li> <li>Increased knowledge of electoral issues</li> <li>Enhanced freedoms &amp; civic engagement</li> </ul> <p>4.1.1: 2020: +2</p> <p>4.2.1: - 3%</p> <p>4.2.2: +2%</p> <p>4.2.3:+1%</p> | <ul style="list-style-type: none"> <li>- ICHR reports</li> <li>- Public or CSO Surveys and monitoring publications</li> <li>- PCP-MoSD Statistics</li> <li>4.2.2:- MoJ-National Legal Aid Committee Reports</li> <li>4.2.3: - Palestinian Civil Police (PCP) and High Judicial Council and Attorney General Office Mizan system</li> <li>- Civil Society Index (2018-2019)</li> <li>-Freedom of Expression Index (2019)</li> <li>- International reports</li> <li>- Reports from projects; list of participants in events</li> <li>disaggregated by gender (4.4.3,4.4.4, 4.4.5)</li> <li>- reports from projects on number of grants allocated to CSOs and topics covered (4.4.5)</li> <li>disaggregated by gender</li> </ul> | <p>Willingness of duty-bearers to comply with international human rights treaties.</p> |
|-----------------------|---|---|--|---|---|--|





**ANNEX 3**

of the Commission Implementing Decision on the annual action programme in favour of Palestine<sup>1</sup> for 2018 (including one action on budget 2019 and 2020)

**Multi-annual Action Document for "Support to East Jerusalem in 2018, 2019 and 2020"**

**INFORMATION FOR POTENTIAL GRANT APPLICANTS**

**WORK PROGRAMME FOR GRANTS**

This document constitutes the multiannual 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.

|  |   |               |
|--|---|---------------|
| <b>1. Title/basic act/<br/>CRIS number</b>           | "Support to East Jerusalem in 2018, 2019, 2020"<br>CRIS number: ENI/2018/041-167, ENI/2019/041-196, ENI/2020/041-540<br>financed under the European Neighbourhood Instrument  |               |
| <b>2. Zone benefiting from the action/location</b>   | East Jerusalem, Palestine <sup>2</sup><br>The action shall be carried out at the following location: East Jerusalem   |               |
| <b>3. Programming document</b>                       | European Joint Strategy in Support of Palestine 2017-2020 – Towards a democratic and accountable Palestinian State  |               |
| <b>4. Sector of concentration/<br/>thematic area</b> | Other measures: Support to East Jerusalem   | DEV. Aid: YES |
| <b>5. Amounts concerned</b>                          | Total estimated cost: EUR 46,229,412.00<br>Total amount of EU budget contribution EUR 36,000,000.00<br>The contribution is for an amount of EUR 12,000,000.00 from the general budget of the Union for financial year 2018; for an amount of EUR 12,000,000.00 from the general budget of the Union for financial year 2019 subject to the availability of appropriations following the adoption of the relevant budget, and for an amount of EUR |               |

<sup>2</sup> 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.

|  |   |                          |                              |                          |
|--|---|--------------------------|------------------------------|--------------------------|
|  | <p>12,000,000.00 from the general budget of the Union for financial year 2020, subject to the availability of appropriations following the adoption of the draft budget and the budget.</p> <p>This action is co-financed in joint co-financing by:</p> <ul style="list-style-type: none"> <li>- Belgium (Enabel) for an amount of EUR 1,900,000;</li> <li>- United Nations Children's Fund (UNICEF) for an amount of EUR 3,000,000 (2,100,000 from Swiss Development Co-operation, EUR 900,000 from Belgium – Enabel ((Belgian Development Co-operation).</li> </ul> <p>This action is co-financed by potential grant beneficiaries for an indicative amount of EUR 5,329,412.</p> |                          |                              |                          |
| <b>6. Aid modality(ies) and implementation modality(ies)</b> | <p>Project Modality</p> <p>Direct management – grants – direct award</p> <p>Direct management – procurement of services</p> <p>Indirect management with a Member State Agency: Enabel Belgian Development Co-operation</p> <p>Indirect management with an international organisation: United Nations Children's Fund (UNICEF)</p>   |                          |                              |                          |
| <b>7 a) DAC code(s)</b>                                      | <p>Main DAC code – 15150 Democratic Participation and Civil Society</p> <p>Sub-code 1 - 11120 Education Facilities and training</p> <p>Sub-code 2 – 25010 Business Support Services and Institutions</p> <p>Sub-code 3 – 15153 Media and free flow of information</p> <p>Sub-code 4 – 15160 Human rights</p>  |                          |                              |                          |
| <b>b) Main Delivery Channel</b>                              | <p>Local and International Non-Government Organisations (NGOs)20000</p> <p>Enabel 13000</p> <p>UNICEF 41122</p>   |                          |                              |                          |
| <b>8. Markers (from CRIS DAC form)</b>                       | <b>General policy objective</b>   | <b>Not targeted</b>      | <b>Significant objective</b> | <b>Main objective</b>    |
|  | Participation development/good governance   | <input type="checkbox"/> | <input type="checkbox"/>     | X                        |
|  | Aid to environment  | <input type="checkbox"/> | X                            | <input type="checkbox"/> |
|  | Gender equality (including Women In Development)  | <input type="checkbox"/> | X                            | <input type="checkbox"/> |
|  | Trade Development   | <input type="checkbox"/> | X                            | <input type="checkbox"/> |
|  | Reproductive, Maternal, New born and child health   | X                        | <input type="checkbox"/>     | <input type="checkbox"/> |
|  | <b>RIO Convention markers</b>   | <b>Not targeted</b>      | <b>Significant objective</b> | <b>Main objective</b>    |
|  | Biological diversity  | X                        | <input type="checkbox"/>     | <input type="checkbox"/> |
|  | Combat desertification  | X                        | <input type="checkbox"/>     | <input type="checkbox"/> |
|  | Climate change mitigation   | X                        | <input type="checkbox"/>     | <input type="checkbox"/> |
| Climate change adaptation                                    | X   | <input type="checkbox"/> | <input type="checkbox"/>     |                          |



|  |   |
|--|---|
| <b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b> | N/A   |
| <b>10. SDGs</b>  | Sustainable Development Goal no. 11 "Sustainable Cities and Communities"<br>Sustainable Development Goal no. 1 "No Poverty"<br>Sustainable Development Goal no. 4 "Quality Education"<br>Sustainable Development Goal no. 8 "Decent Work and Economic Growth" |

## SUMMARY

The proposed Action seeks to prevent the population in East Jerusalem from being further coerced into leaving the city, thus jeopardizing the chances to safeguard the Palestinian identity of Jerusalem in future status talks and consideration of Jerusalem as the future capital of two states.

The programme targets interventions primarily in the following sectors: (i) Protection and rule of law; (ii) Inclusive Quality Education and Technical and Vocational Education and Training (TVET); (iii) Private sector and economic development; (iv) Social welfare; (v) Culture and heritage protection ; (vi) Urban development and Housing. Activities will support the community capacity to enhance the living conditions in East Jerusalem. It aims to respond to the continued deterioration of socio-economic trends, caused by insufficient investment in community services, inadequate municipal public services, low labour force participation, limited opportunities and protection for women and vulnerable groups, low private investment and minimal economic development.

The proposed Action supports the implementation of the European Joint Strategy (EJS) in support of Palestine 2017-2020 “*Towards a democratic and accountable Palestinian State*”. The EJS is closely aligned to the new Palestinian National Policy Agenda (NPA) 2017-2022 and to the Sustainable Development Goals.

## 1 CONTEXT

### 1.1 Sector/Country/Regional context/Thematic area

East Jerusalem has traditionally served as the focus of political, commercial, religious and cultural life for the population of Palestine. Since the 1967 occupation and its illegal annexation by the Israeli government in 1980, East Jerusalem (EJ) depends *de facto* on the Israeli municipality for its governance and the delivery of public services. The European Union has regularly recalled that it never recognized the 1980 annexation of East Jerusalem and reaffirmed its commitment to Jerusalem as the future capital of two states Pending a final status agreement, the possibility of East Jerusalem becoming an integral part of a future Palestinian state and its role as the social, economic, political and cultural hub for Palestinians must be maintained.

Like in Area C, in East Jerusalem, the segregation and confinement of Palestinians is visible and has accelerated rapidly throughout 2017.

Developments throughout 2017 and well into 2018 have increased the isolation of Palestinian Jerusalemites from the political, economic and social life of Palestine. Settlement plans, including in and around Jerusalem and in areas identified by the EU and its Member States as key to the two-state solution, have accelerated in 2017. In parallel, demolitions of Palestinian owned houses continued and several Palestinian families were evicted from their homes, to the benefit of settlers. Tensions around the Haram al-Sharif/Temple Mount persisted culminating in the summer of 2017. Several draft Knesset bills, which, if adopted, would amount to unilateral changes to the status and boundaries of Jerusalem, in violation of international law are advancing.

The most pressing issues in East Jerusalem can be summarised as follows:

**Residency status:** there are 300,200 Palestinian residents in Jerusalem, who constitute 36.8% of the city's population. Nearly all of the Palestinian residents of Jerusalem are not Israeli citizens, but rather possess permanent residency status (a different status from other Palestinians). Since 1967, the residency status of 14,595 Palestinian residents of Jerusalem has been revoked. This prevents them from residing and, in practice, returning to Jerusalem. It is estimated that 70% of East Jerusalemites are 30 years of age or less.

**The Separation Barrier/Access and movement:** more than 25% of Palestinian East Jerusalemites reside in Jerusalem neighbourhoods that are disconnected from the rest of the city. These residents suffer from a severe lack of access to basic services and infrastructure as they are forced to cross checkpoints to access health, education and other services to which they are entitled as residents of Jerusalem. A further 30-40% of Palestinian East Jerusalemites could be cut off from the city should the Israeli Municipality of Jerusalem decide unilaterally to redraw the municipal boundaries.

According to the United Nations, there were 729 children from East Jerusalem arrested in 2017 by Israeli Forces, of which only 650 had access to a lawyer. During the same period Israeli courts issued 90 orders of house arrest mostly for children in East Jerusalem<sup>3</sup>. New Israeli guidelines might result in longer detention periods for Palestinian Jerusalemite minors, including those below the age of 14, and further reduced chances for rehabilitation and treatment.

**Settlements and settler activities:** in 2017 Israel settlement activity in and around Jerusalem increased more than 200% in advancement of housing units compared to 2016, further increasing tensions on the ground and seriously undermining the prospects for achieving the two-state solution. Over 208,000 Israeli settlers in occupied Palestinian territory live currently in East Jerusalem. Furthermore, settlement construction covered strategically touristic, archaeological and infrastructural projects in East Jerusalem and the West Bank.

**Haram Al-Sharif/ Temple Mount:** the events of July 2017 constituted the deepest crisis in years, both in East Jerusalem and in the rest of the occupied Palestinian territories. The core of the conflict between Palestinians and Israelis is due to its religious and symbolic significance. The status quo on Haram Al-Sharif/Temple Mount (i.e. access to all and prayer only for Muslims) has been the foundation of the agreement since its establishment in the

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<sup>3</sup> Palestinian Commission for Detainees and Ex-Detainees Affairs, Ramallah

Ottoman period, but has been eroding due to the increased number of visits by Jewish national-religious extremists, often leading to clashes.

The above mentioned issues constitute a major threat to the realisation of a two-state solution, and therefore, supporting East Jerusalem communities' resilience is an important contribution to the European Council's declared goals of keeping open the option for Jerusalem as a capital for two states.

### ***1.1.1 Public Policy Assessment and EU Policy Framework***

The Palestinian National Policy Agenda (NPA) 2017-2022 Putting Citizens First places the expansion of Palestinian sovereignty over East Jerusalem as a priority. Under the NPA, under the National Policy 1 "Mobilizing national and international support", measures include 1) to reassert sovereignty over the whole territory of the State of Palestine based on the 1967 borders including East Jerusalem, and 2) to establish and develop East Jerusalem as the capital of the State of Palestine.

In 2017 the Jerusalem Unit of the Office of the President embarked on the updating of a Palestinian strategy for Jerusalem. This first draft of the Sectoral Development Strategic Plan of East Jerusalem (2018-2022) serves as the basis for policy dialogue and the prioritisation of actions funded by the EU.

The European Joint Strategy in Support of Palestine 2017-2020 Towards a democratic and accountable Palestinian State incorporates the central role of East Jerusalem serving as the future capital of the State of Palestine. It states: "In line with the NPA's Strategy, and while EU's development partners recognise the geographical disparities and special needs/challenges related to them, Palestine is treated as "one" [...] At the same time, the Strategy acknowledges the specific needs of East Jerusalem, the Gaza Strip and Area C, which are also areas where the role of the Palestinian Authority is severely limited and challenged due to different political, administrative and security arrangements.

Following political discussions at the level of Foreign Ministers, the EU has started to undertake a review of the modalities of the European Union's engagement in Israel and Palestine to ensure that all EU actions are supporting the achievement of a two-state solution. The review outcome might help in redirecting some interventions for the sake of increased effectiveness in the areas touched upon by the Action Document.

Under the EU component of the European Joint Strategy, there is a specific Other Measure: Support to East Jerusalem to reflect the multi-sectoral nature of EU support to East Jerusalem. The EU is adopting a strategic approach to sustain the presence of the Palestinian population and protect the Palestinian identity of the city.

EU policy has been repeatedly reflected in EU Council Conclusions, which recognise that "a way must be found [...] to resolve the status of Jerusalem as the future capital of both states." Furthermore, the 2017 EU Heads of Mission Report on Jerusalem provides a joint assessment of the situation and clear recommendations which are primarily implemented through the EU's financial support to East Jerusalem. The EU continues to support the restoration of Palestinian institutions and political organization in East Jerusalem.

### ***1.1.2 Stakeholder analysis***

The final beneficiary of the present action is the Palestinian population living in East Jerusalem, especially children, youth, women, vulnerable communities (including Palestinian refugees) and, more comprehensively, people whose fundamental rights are being violated. In

the absence of formal Palestinian institutions in East Jerusalem (closed down by Israeli authorities since 2001), the key stakeholders remain primarily community-based organisations (CBOs), local and international non-governmental organisations (NGOs), and international organisations supporting East Jerusalem communities.

Civil society organisations have suffered from the growing isolation of the city in the past ten years, as well as from a number of restrictive measures taken by the Israeli authorities. These measures have resulted in the closure and/or transfer of numerous Palestinian and/or international organisations to the West Bank, further weakening the Palestinian institutional and social fabric in East Jerusalem. Therefore, the East Jerusalem programme tries to counter these measures by supporting the activities of the few remaining Palestinian institutions/organisations in East Jerusalem and increasing support to community based organisations especially since the Palestinian Authority has minimal reach in East Jerusalem. Discussions have been held with interested partners on possible interventions. Feedback given on specific ideas put forward has been taken into account in the development of viable interventions that correspond to the priorities identified.

There are different dynamics between the various types of organisations depending on their experience as well as the sectors they are involved in. For example, there are some strong and well experienced international organisations that provide a protective umbrella to local organisations, especially those working on advocacy and/or legal aid since they face close scrutiny from the Israeli authorities. International organisations, in general, have fewer restrictive measures than the local organisations, especially in the education sectors and renovation/construction. These international organisations also have an important role to play using their international connections for awareness raising and advocacy.

In other cases international organisations and international non-governmental organisations bring together a number of local organisations and co-ordinate their efforts under one single initiative in order to create synergies and have a greater impact. This, for instance, is the case with regard to support for the tourism sector in Jerusalem. The related local partners are well experienced and have good capacity but co-ordination between them needs to be enhanced, especially in the absence of strong regulatory or co-ordinating bodies/mechanisms. In this case the international organisations cover this gap, and provide the necessary support. Additionally, international organisations can provide support and capacity building to less experienced smaller local ones, when needed. In these cases it builds up their capacity and their internal regulatory and monitoring systems.

The EU directly refers to the Office of the President of the Palestine Liberation Organisation (PLO) for matters related to the EU support to East Jerusalem. Furthermore, where applicable, co-ordination with Line Ministries of the Palestinian Authority (PA) and the Jerusalem Governorate takes place as and when appropriate. Moreover, the Action will continue to ensure civil society organisations' participation in development and monitoring of strategies to ensure accountability and transparency.

### ***1.1.3 Priority areas for support/problem analysis***

The EU support to East Jerusalem is multi-sectoral. Six priority sectors are identified for the next three years in co-ordination with the Office of the President of the PLO (and following civil society consultations), and actions in these areas are then selected. Synergies are thus ensured not only between actions, but mostly in the overall context of all on-going actions under the Programme. Strong coherence has been developed over the three years, thanks to

this cyclical approach, which allows EU presence in most relevant sectors at almost any given time.

The priority sectors for 2018-2020 have been identified by regular consultations with civil society and systematic consultation with Palestinian Office of the President. These include:

- 1) Protection and rule of law, due to the deteriorated legal situation of residents in East Jerusalem, directly targeted by Israeli discriminatory laws<sup>4</sup> against Palestinians, the alarming number of violations of Palestinian children's rights, and the number of housing units built without license under threat of demolition in East Jerusalem (EJ);
- 2) Inclusive quality education and TVET in EJ based on the decreasing number of Palestinian students in Waqf and Palestinian private schools<sup>5</sup>, their access difficulties<sup>6</sup> linked to military checkpoints and/or the Separation Barrier, and the drastic shortage of classrooms in EJ;
- 3) Promotion of private sector and economic development since poverty is affecting 76% Palestinians, including 83.4% of children, and the occupation is negatively impacting on the Palestinian economy<sup>7</sup>;
- 4) Reinforcement of the Social Welfare services to support children and youth including with special needs, to promote quality environmental community services, and to prevent and treat drug addiction problems in EJ. According to the Jerusalemite High Commission for Drug Prevention, drug addiction and use is on the rise with approximately 15,000 drug users in EJ alone and a net rise in drug use among children between 10 to 17 years old.
- 5) Protection of Palestinian heritage and culture as there is an urgent need to preserve the Palestinian identity of EJ, based on the restoration of historical sites in the Old City and the promotion of cultural life and activities in EJ;
- 6) Improvement in Urban Development and housing sector in EJ, due to the inconsistencies between Israeli discriminative construction policies that apply to EJ and the real need of residential units, and to provide access to housing through construction, renovation and/or access to loans.

The specific political and regulatory environment in East Jerusalem impedes development, asphyxiates the economy and discourages investments. The resilience of the population relies on enhancing potential for economic development, maintaining a skilled workforce, modernizing existing businesses and improving their competitiveness. Palestinian women in East Jerusalem face particular challenges. Indeed, over and above the factors that negatively affect all Palestinian women (discriminatory legislation, weak performance of institutions and services, patriarchal social traditions, and the effects of the Israeli occupation), women in East Jerusalem have to deal with specific, context related issues: residency rights, house demolitions, evictions, increased gender-based violence, lack of services for women and the multiplicity of legislations related to personal status.

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<sup>4</sup> <https://www.madarceneter.org/en/legal-monitor?start=5>; <https://www.adalah.org/en/law/index>;  
<https://www.acri.org.il/en/2014/11/24/twosysreport/>; <https://www.acri.org.il/en/2018/07/20/nation-state-law/>

<sup>5</sup> Head of Jerusalem Affairs Unit (September 2016) 'Education in E. Jerusalem is at Risk Facing big challenges'.

<sup>6</sup> Ibid.

<sup>7</sup> <https://www.acri.org.il/en/wp-content/uploads/2017/05/Facts-and-Figures-2017.pdf>.

Regarding urban planning, for over a decade, the local and district planning Israeli authorities have not advanced even a single outline plan in the Palestinian neighbourhoods. Even the neighbourhood outline plans initiated by the Municipality itself are left unattended. Alongside the ongoing planning freeze, there has been a sharp rise in the demolition of homes in East Jerusalem on the grounds of construction without permit. Up till August 2017, 112 homes were demolished, leaving 179 people without a roof over their heads<sup>8</sup>. This is the largest number of home demolitions for over a decade.

The education system in East Jerusalem has been severely affected by Israeli policy and is currently fragmented into five types of service providers, lacking any co-ordination. According to the Ministry of Education and Higher Education in 2016, there are 5 types of schools in EJ with around 88,600 Palestinian students. There are approximately 12,800 pupils registered in the 46 Awqaf schools, and about 27,600 in private schools. 1,500 students in the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) schools, and 38,200 in Municipal schools, and finally 8,600 students in contractor schools. The Palestinian Authority (PA) has officially no authority over schools in EJ. Hence, Awqaf schools, which receive indirectly support from the PA, lack basic resources and cannot adequately address the increasing discomfort, challenges and social exclusion suffered by pupils. Main challenges faced by the system in East Jerusalem concern school dropout, shortage of classrooms, access to school, movement restrictions and transportation for teachers and students, shortage of trained teachers and absence of alternative educational frameworks able to deal with students with special needs.

According to UNICEF, ill-treatment in the Israeli military detention system remains “widespread, systematic, and institutionalized throughout the process.”<sup>9</sup> In its 2017 report, the Palestinian Commission of Detainees and Ex Detainees Affairs of the Palestinian Authority stated that Israel had detained approximately 700 Palestinian children - between the ages of 10 to 18 - from East Jerusalem alone. Moreover, the Palestinian Committee of Prisoners' Affairs (a civil society organisation) reported that the Israeli authorities imposed house-arrest orders on at least 60 children from East Jerusalem in 2017. Defence for Children International – Palestine (DCIP) stated that interrogators with arrested children used position abuse, threats, and isolation to coerce confessions from some of these children. DCIP documented 66 children held in solitary confinement, for an average period of 13 days, during the reporting period, in one case an adolescent boy was placed in solitary confinement for 45 days. More than 90 percent of children held in solitary confinement provided a confession.<sup>10</sup>

Problems are even more acute in highly marginalized and overcrowded areas such as Silwan, Al-Issawiya, the Old City and the Shu'fat refugee camp, and neighbourhoods cut off by the barrier where open spaces – already extremely rare in East Jerusalem - are virtually absent. In contrast to West Jerusalem, the lack of recreational and sport facilities in a city with over 60% of the population under 25 years old, living in a state of continued political tension and in poor socio-economic conditions, is a further strong element of pressure.

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<sup>8</sup> <https://www.ochaopt.org/content/significant-increase-risk-displacement-east-jerusalem>.

<sup>9</sup> [https://www.unicef.org/oPt/UNICEF\\_oPt\\_Children\\_in\\_Israeli\\_Military\\_Detention\\_Observations\\_and\\_Recommendations\\_-\\_6\\_March\\_2013.pdf](https://www.unicef.org/oPt/UNICEF_oPt_Children_in_Israeli_Military_Detention_Observations_and_Recommendations_-_6_March_2013.pdf).

<sup>10</sup> Defence for Children International - Palestine DCIP, 2016. "No WAY to Treat a Child".

## 2 RISKS AND ASSUMPTIONS

| <b>Risks</b>   | <b>Risk level (H/M/L)</b> | <b>Mitigating measures</b>  |
|--|---------------------------|---|
| Negative political developments leading to increased violence.   | H                         | Maintain recourse to use of European umbrella organisations and UN agencies   |
| Hardened Israeli policies on the access of people and goods to Jerusalem.  | H                         | Maintain pressure to facilitate access between EJ and the West Bank. The EU will play an increased role with regards to convening both parties (Palestine and Israel) to maximise the effectiveness of EU cooperation and to address any obstacles to such effectiveness.   |
| Adoption and implementation of a number of proposed Israeli legislations in the Israeli Knesset that could threaten the residency status of over 140,000 (approximately half of the Palestinian population in EJ) Palestinian Jerusalemites living outside the Separation Barrier but within the boundaries of the Jerusalem Municipality. | H                         | Continue to apply the Rights Based Approach as approved by the EU Council on 19 May 2014 in all projects under the East Jerusalem Programme.<br><br>Strict adherence to EU Human Rights Guideline's by EU and Member States.<br><br>Using international political pressure and advocacy for alternative solutions |
| The situation of children's rights (youth in EJ constitute approximately half the population of the City) further deteriorates in East Jerusalem.  | H                         | Monitoring and reporting and continuing to advocate and put pressure on Israel to respect IHL and HRs in relation to children's rights.   |
| Continued absence of Palestinian political institutions in East Jerusalem  | H                         | Regular dialogue with the relevant Ministries, the Office of the President of the PLO and the Governorate.  |
| Financial sustainability of the EU funded actions  | H                         | - Create sustainable models through developing solid visions, strong co-ordination and effective planning.<br>- Diversify sources of co-financing.<br>- Seek co-financing from other European donors working in East Jerusalem  |
| <b>Assumptions</b>   |                           |   |
| Co-ordination among donors and communication on EU strategic intervention in East Jerusalem are continuously strengthened.   |                           |   |
| Palestinian institutions have the political ambition to substantively engage in East Jerusalem despite obstacles.  |                           |   |

### **3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES**

#### **3.1 Lessons learnt**

Lessons learnt were drawn from the external evaluation of the EU-funded Programme to support the delivery of public services in East Jerusalem between 2007 and 2011. In addition, projects' external evaluations, independent sectoral studies and consultations with civil society organisations and other donors provide useful feedback on the Programme. An evaluation of EU support of East Jerusalem will be launched in 2018. Furthermore, Results Oriented Monitoring of on-going projects supports identification and formulation of new actions. Lessons learnt can be summarised as follows:

- While the EU shall maintain its method of implementation working through partnerships between international and local organisations (thus creating an umbrella mechanism), it should continue working directly with Palestinian partners whenever possible.
- The EU must maintain flexible, innovative and creative means of implementation.
  
- The EU should enhance co-ordination of on-going operations and other donors, in order to avoid duplication and increase the potential for synergies among actions.
  
- The EU should increase - when feasible - well-structured and active efforts aimed at promoting visibility and awareness of EU funding in East Jerusalem.

There is a pressing need for the EU funded actions and EU statements to better support strategic communication promoting international humanitarian and human rights law.

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

Donor co-ordination in East Jerusalem remains a challenge despite the political will of major donors and the joint political framework provided by the annual EU Heads of Mission Report on Jerusalem.

The EU-led Informal Working Group on East Jerusalem offers a forum for co-ordination and exchange of information on support provided to East Jerusalem by the EU and its Member States as well as like-minded donors (i.e. Norway and Switzerland). More intense co-ordination efforts have taken place with EU Member States on multiple sectors, for example the economic development sector specifically on the TVET and Tourism sectors. Moreover, joint support on inclusive education sector has been under negotiation with ENABEL (Belgian Development Agency).

The absence of Palestinian institutions in East Jerusalem and the lack of a clear development strategy make also extremely difficult donor co-ordination at operational level. The Office of the EU Representative (EUREP) is engaged in regular bi-lateral information sharing with non-EU most significant actors, i.e. the UN agencies, the Welfare Association and the Islamic Development Bank.

The East Jerusalem multi-sectoral programme is complementary to other EU funded programmes and projects under the European Joint Strategy to support Area C, culture,



private sector development, etc. Since 2013, through the PEGASE<sup>11</sup> Direct Financial Support mechanism, the EU supports the Palestinian Authority in the payment of health referral bills to the six East Jerusalem hospitals. Through this mechanism, the EU provides crucial funding to ensure the survival of the six East Jerusalem hospitals, which are amongst the few remaining Palestinian institutions in East Jerusalem and are providing key medical services to the Palestinian population.

### 3.3 Cross-cutting issues

Good governance principles are entrenched in the implementation mechanism and projects' ownership from the Palestinian civil society is ensured. Furthermore, good governance and the use of local systems are embedded in the design of each initiative of this action.

Gender equality is promoted in every action of the Programme and gender disaggregated data will be produced and used whenever possible. The interventions will enhance girls' access to educational/extra-curricular activities as well as women's participation in economic empowerment initiatives that will promote their professional skills and employment opportunities. They will also be supported by legal counselling/aid, which will protect Palestinian's right to residency and violence against women. Advocacy initiatives will enhance their knowledge of their human rights and make their situation more widely known to the public, both locally and internationally.

The Rights Based Approach is central to each project undertaken under this Action given that the challenges faced by Jerusalemites are essentially due to the prevailing human rights violations and the absence of relevant protection mechanisms.

The five working principles will be applied at all stages of implementation: Legality, universality and indivisibility of human rights; Participation and access to the decision-making process; Non-discrimination and equal access; Accountability and access to the rule of law; Transparency and access to information.

## 4 DESCRIPTION OF THE ACTION

### 4.1 Objectives/results

The **Overall Objective** of the East Jerusalem programme is political i.e. to "maintain the viability of the two-state solution, with Jerusalem as capital of two states".

The **Specific Objective** is to strengthen the resilience of the Palestinian residents of East Jerusalem and preserve the Palestinian character of the city.

The **expected results** are:

Result 1: Protection against violations of human rights and international humanitarian law are reinforced;

Result 2: Inclusive quality education and TVET services for Palestinians are enhanced;

Result 3: Private sector and economic development are promoted;

Result 4: Palestinian culture and heritage in East Jerusalem are protected;

Result 5: Social welfare is improved;

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<sup>11</sup> Mécanisme Palestino-Européen de Gestion de l'Aide Socio-Economique

Result 6: Urban development and housing are enhanced.

## **4.2 Main activities**

This action is going to intervene in a number of priority sectors identified in co-operation with civil society, EU Member States, and the Office of the President of the PLO, and in line with the recommendations of the 2017 EU Heads of Missions' Report on Jerusalem.

The sectors of intervention are aligned with the cyclical approach of the East Jerusalem programme, in order to ensure on-going support to each of the many priority sectors at any given time, through on-going or incoming actions.

All projects to be included in the 2018-2020 East Jerusalem programme will be fully consistent with the underpinning rights based approach to development adopted by the programme, which is one of its distinctive trademarks since its inception and a strong focus on strengthening communities aimed at improving the sustainability of EU funded actions.

This will be achieved through targeted actions in the following expected results in line with the EU Joint Strategy, and the Office of the President's Sector Development Strategy (SDS) Plan for East Jerusalem 2018-2022:

Result 1: Protection against violations of human rights and international humanitarian law are reinforced

This includes activities:

- to support legal defence of basic human rights, including residency, housing, child protection, family reunifications,
- to support human rights defenders,
- to support human rights awareness raising through which men and women, especially youth, will be effectively engaged in international and local dialogues to improve fundamental freedoms and human rights in East Jerusalem.

These activities aim for Palestinians, especially children (m/f), to be safe, protected and secure from Israeli Human Rights violations through (i) protecting Palestinians, especially children at risk through legal assistance and representation (ii) using evidence based advocacy to increase the knowledge and engagement of local and international communities as well as HRs defenders through media, advocacy enabling them to hold related duty bearers accountable (iii) Supporting and responding to the needs of detained/tortured/house-arrested/community-service-sentenced Palestinian Jerusalemite children and their families; and (iv) and highlighting challenging and changing discriminatory laws and policies.

Result 2: Inclusive quality education and TVET services for Palestinians are enhanced

This includes support for individuals, especially children and youth to access inclusive, high quality regular education, and TVET services and facilities through (i) increasing the number of children (including children with special needs) accessing inclusive, high quality basic education as well as TVET education; (ii) improving the teaching methodologies adopted by the trained teachers; (iii) Creating and/or enhancing inclusive educational facilities and equipment and increasing available classrooms/seats; and (iv) contributing to the decrease of the dropout rate of children in EJ. This comes hand in hand with (v) offering modern, innovative and market driven TVET educational and training programmes including tourism

related sectors (vi) raising the awareness on the importance of the TVET sector for the revival of SMSEs in EJ and attracting Palestinian youth to seek TVET related education and career opportunities.

### Result 3: Private sector and economic development are promoted

Private sector and economic development will be promoted through (i) increasing the number of job opportunities, (ii) increasing the number of local and international tourists (iii) building the capacity and improving skills to increase employability and competitiveness of local produce (iv) and promoting entrepreneurship and start-up businesses (especially but not limited to TVET related, innovative, modern and IT related businesses) among marginalized and vulnerable groups in East Jerusalem.

### Result 4: Palestinian culture and heritage in East Jerusalem are protected

This will be done through (i) preserving cultural and historical sites with a special focus on the Old City and the surrounding area, (ii) supporting cultural, arts and music activities, and co-ordination amongst cultural related organisations in the City; (iii) ensuring Palestinian cultural heritage remains in the curriculum.

### Result 5: Social welfare is improved

Social Welfare activities will contribute to ensuring decent living of Palestinians East Jerusalemites and guaranteeing the provision of services (79% of Palestinian households living in Jerusalem are below the poverty line; 87% are children) that are currently not fully covered by the Israeli municipality despite their taxes contribution. This can be accomplished through (i) promoting healthy and safe environments for the most vulnerable communities in the City, (ii) facilitating access to services for people and children with special needs, and (iii). Supporting preventative measures to deter and treat drug abuse especially among youth in Jerusalem.

### Result 6: Urban development and housing are enhanced

Activities will support and assist institutions involved in improving conditions of existing buildings, and accessing finance for vulnerable families for housing purposes; aiming to maintaining Palestinian presence in the City as well as the Palestinian identity of East Jerusalem. This is also reinforced through developing urban plans for Palestinian neighbourhoods and advocating for their urban rights by raising awareness in their communities and implementing concrete actions in East Jerusalem neighbourhoods.

Expected results include the following (non-exhaustive list): the Palestinian identity in East Jerusalem is reinforced; the Palestinian presence in East Jerusalem is safeguarded; duty bearers are held accountable; local and international awareness of the situation in East Jerusalem is increased; Palestinian businesses in Jerusalem become more sustainable; there are increased job opportunities (for youth); and improved educational environment and educational facilities are in place.

### **4.3 Intervention logic**

The EU will support targeted actions foreseen in the key sectors such (i) Protection and rule of law; (ii) Inclusive Quality Education and TVET ; (iii) Private sector and economic development; (iv) Culture and heritage protection; (v) Social welfare; and (vi) Urban development and Housing through activities funded under this Action.

Examples of such activities include inter alia: school renovations and support for inclusive education; capacity building for tourism operators; better child rights monitoring and protection of child rights, legal aid through court cases and legal administrative support to protect housing rights and retain residency rights; Palestinian cultural activities (plays, music, cinema, street festivals); capacity building and training for businesses through associations; as well as other targeted interventions.

These will strengthen the resilience of the Palestinian East Jerusalem residents (especially vulnerable groups such as women and youth who are key target groups) and will allow them to be better equipped and united in facing the challenges of living in East Jerusalem and pressure of the Israeli authority. Furthermore, through advocacy and awareness raising activities will support reducing barriers imposed by the Occupation and strengthen the ties of East Jerusalem with the West Bank. Through a rights-based approach applied to activities across sectors, Jerusalemites will be empowered to better combat the discriminatory policies which aim to reduce the Palestinian presence in the city. Businesses will be better able to challenge discriminatory policies and practices and children will be better educated to constructively contribute to society. By improving the tourism sector the local economy will be strengthened to provide job opportunities and the youth will not have to resort to options elsewhere. Supporting cultural heritage and restoration and rehabilitation in and around the heart of the Old City, will equally help to preserve the Palestinian character of the city and the identity of Palestinians.

All such measures will assist in maintaining the Palestinian presence on the ground which will contribute to maintaining the viability of the Two State solution with Jerusalem as the capital of the two states.

## **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 4.1 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 authorising officer responsible by amending this Decision and the relevant contracts and agreements; such amendments to this Decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

## 5.3 Implementation modalities

The envisaged assistance to Palestine is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU<sup>12</sup>.

### 5.3.1.1 Grants: direct award (direct management)

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

The objective is to strengthen the resilience of the Palestinian residents of East Jerusalem and preserve the Palestinian character of the city. To meet these objectives, the EU approach is multi –sectoral as defined in the Sectoral Development Strategy (SDS) Plan of East Jerusalem 2018-2022 by Office of the President of the Palestinian Liberation organisation (PLO). Within this multi sectoral approach interventions are prioritised on a yearly basis in consultation with the civil society and the Office of the President of the Palestinian Liberation Organisation (PLO), and in line with the recommendations of the EU Heads of Missions Report on Jerusalem 2017.

The main areas of intervention selected for 2018-2020 are: i) Protection against violations of human rights and international humanitarian law (ii) Inclusive quality education and TVET services (iii) Private sector and economic development (iv) Palestinian culture and heritage protection (v) Social welfare (vi) Urban development and housing.

In accordance with the rights-based approach, the action will take into account Human Rights Policy framework including the EU Guidelines on the Promotion and Protection of the Rights of the Child (2017), the EU Human Rights Guidelines on Freedom of Expression Online and Offline – 2014; EU Human Rights Guidelines on Children and armed conflict – 2008 and/or EU Guidelines on the Promotion and Protection of the Rights of the Child - Leave no Child Behind -2017; EU Guidelines on promoting compliance with International Humanitarian Law (IHL), the EU Guidelines on Human Rights Defenders (2008). Guidelines to EU policy towards non-EU countries on torture and other cruel, inhuman or degrading treatment or punishment -2016 and the EU Guidelines on Violence against women and girls and combating all forms of discrimination against them (2008).

Particular attention will be paid to prevent that EU-supported activities contribute to incitement to hatred and/or violence. Implementation of this action will be in line with the intent of the EU Framework Decision on racism and xenophobia.

(b) Justification of direct grants

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 Palestine has been acknowledged to be in a "crisis situation" as referred to in Article 2(21) of the Financial Regulation, allowing for the use of flexible procedures in accordance with applicable provisions.

(c) Eligibility conditions

The essential eligibility criterion for applicants is the type of entity. Formally established legal entities which are: Non-Governmental Organisations (NGOs), international organisations, non-for-profit organisations; public bodies; and economic operators - among others - are equally eligible.

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<sup>12</sup> [https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en).

(d) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of East Jerusalem Programme 2018-2020; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(e) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 85% of the eligible costs of the action.

If full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative trimester to conclude the grant agreement

Indicative trimester to conclude the grant agreement: First trimester 2019 for the 2018 allocation. Third Trimester 2019 for the allocation 2019 and third Trimester 2020 for the allocation 2020.

### 5.3.1.2 Procurement (direct management)

| Subject in generic terms, if possible                          | Type (works, supplies, services) | Indicative number of contracts | Indicative trimester of launch of the procedure |
|--|----------------------------------|--------------------------------|---|
| Studies in relation to specific sectors or interventions in EJ | Services                         | 2                              | 3 <sup>rd</sup> 2019                            |

### 5.3.1.3 Indirect management with a Member State agency

A part of this action may be implemented in indirect management with **Enabel (Belgian Development Co-operation)**. This implementation entails the renovation of schools in East Jerusalem. This implementation comes under Result (ii): Inclusive quality education and TVET services, and is justified because of; (i) it is the most efficient way to address the shortage of classrooms in East Jerusalem and the precarious state of the education sector for Palestinians in East Jerusalem and (ii) Enabel's thematic expertise and leading role in the education sector in Palestine and on education and school construction in East Jerusalem.

The implementation is justified because of Enable's: (i) thematic expertise and leading role in the education sector in Palestine and in school construction in East Jerusalem; and (ii) their administrative and managerial capacities, including close collaboration with the Palestinian Ministry of Education and Higher Education.

The entrusted entity would carry out the following budget-implementation tasks: conducting procurement and grant award procedures and managing the resulting contracts and carrying out payments to contractors and beneficiaries. Grants could include the improvement of the public spaces around targeted schools.

The Commission authorises that the costs incurred by the entrusted entity may be recognised as eligible as of 1 September 2018 because the foreseen action which is co-financed by the EU, entails the rehabilitation works of several schools in East Jerusalem that need to be carried out as soon as possible because of the challenging political situation in East Jerusalem.

#### **5.3.1.4 Indirect management with an international organisation**

A part of this action may be implemented in indirect management with United Nations Children's Fund (**UNICEF**). This implementation entails "Safeguarding Children's Rights in East Jerusalem". This implementation comes under Result number (1) "Protection against violations of human rights and international humanitarian law", and is justified because of the regular violations of children's rights in East Jerusalem and the high number of child arrests and detentions. This action will address the identified gaps in the protection services for children and their families and to develop a roadmap for a co-ordinated response to close these gaps. Furthermore, the focus of that action will be an evidence-based advocacy strategy to alleviate the grave violations of children's rights in line with the EU Guidelines for the Promotion and Protection of the Rights of the Child.

The implementation is justified because of UNICEF's: (i) specific mandate from the United Nations General Assembly to advocate for the protection of children's rights; and (ii) they are the only organisation that has established communications channels with all duty bearers.

The entrusted entity would carry out the following budget-implementation tasks: conducting procurement and grant award procedures and managing the resulting contracts and carrying out payments to contractors and beneficiaries.

#### **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 in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 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

|   | EU contribution<br>2018 | EU contribution<br>2019 | EU contribution<br>2020 | Total EU<br>Contribution | Indicative third<br>party contribution,<br>in currency<br>identified | Total      |
|---|-------------------------|-------------------------|-------------------------|--------------------------|--|------------|
| 5.3.1.1 – Grants: Direct Awards 2018 -2020  | 8,300,000               | 10,100,000              | 11,800,000              | 30,200,000               | 5,329,412  | 35,529,412 |
| 5.3.1.2 – Procurement (direct management)   |                         | 200,000                 |                         | 200,000                  | -  | 200,000    |
| 5.3.1.3 – Indirect management with Enabel Belgian Development Cooperation               | 3,500,000               |                         |                         | 3,500,000                | 1,900,000  | 5,400,000  |
| 5.3.1.4 – Indirect management with international organisation - UNICEF                  | -                       | 1,500,000               |                         | 1,500,000                | 3,000,000  | 4,500,000  |
| 5.8 – Evaluation, 5.9 - Audit   | 100,000                 | 100,000                 | 100,000                 | 300,000                  | -  | 300,000    |
| 5.10 – Communication and visibility   | 100,000                 | 100,000                 | 100,000                 | 300,000                  | -  | 300,000    |
| Contingencies   |                         |                         |                         | -                        |  | -          |
| Totals must correspond to the amounts in the fourth line in the summary table on page 1 | 12,000,000              | 12,000,000              | 12,000,000              | 36,000,000               | 10,229,412   | 46,229,412 |

## 5.6 Organisational set-up and responsibilities

The EU co-ordinates and consults with the Office of the President of the Palestine Liberation Organisation (PLO) and the Governor of Jerusalem, through a Joint Committee established in 2011 with regard to the sector analysis and priorities for East Jerusalem. Furthermore, whenever possible, activities are co-ordinated with line-ministries.

For the UNICEF co-funded action a steering committee will discuss, review and endorse the selection of partners and actions.

For all other actions, the EU Representation lead Informal Working Group will discuss, review and co-ordinate actions supported in East Jerusalem.

## 5.7 Performance 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 list of result indicators (for budget support). 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.



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 importance of the action, a final or ex-post evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the sensitive political nature of the Action.

The Commission shall inform the implementing partner at least one month 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.

Indicatively, one contract for evaluation services shall be concluded under a framework contract or procurement in 2020.

## **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.

Indicatively, two contracts for audit services shall be concluded under a framework contract in 2019 and 2020.

## **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 and supported with the budget indicated in section 5.5 above. Furthermore, for the international organisations i.e. UNICEF a Visibility and Communication Plan will be annexed to the Delegation Agreement.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, 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 Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

The communication and visibility measures will be implemented by way of procurement and/or Framework contracts. The objectives of all communication and visibility efforts will be:

- Raising awareness and enhance visibility of the EU support to East Jerusalem.
- Facilitating EU's co-ordination on and in East Jerusalem.

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## APPENDIX – INITIAL LOGFRAME MATRIX (FOR PROJECT MODALITY) <sup>13</sup> ENI/2018/041-167

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing Decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

|                           | Results chain  | Indicators   | Baselines<br>(incl. reference year)  | Targets<br>(incl. reference year)   | Sources and means of<br>verification  | Assumptions  |
|---------------------------|--|--|--|---|---|--|
| Overall objective: Impact | Maintain the viability of the two-state solution, with Jerusalem as capital of two states by strengthening resilience and preserving the Palestinian character of East Jerusalem | - Palestinian institutions and presence are increased and strengthened in EJ   | 3 Palestinian institutions (Jerusalem Chamber of Commerce, the Jerusalem Governorate, EJ Unit under OoP) | To maintain and increase their operations and presence and influence in EJ.       | <ul style="list-style-type: none"> <li>- Multi Sector Development Strategy (MSDS) (2018-2022)</li> <li>- Systematic consultation with Palestinian authorities</li> <li>- EU HoMs Report's (2017) key recommendations</li> <li>- Regular consultations with civil society</li> <li>- European Joint Strategy 2017-2020 (raised the profile of EU and MS)</li> <li>- Partners' reports and log-frames</li> <li>- Statistics from PCBS</li> <li>- Other independent sources including Israeli NGOs and governmental organisations</li> </ul> | No further deterioration in the political situation  |
|                           |  | - Number of Palestinian residents in Jerusalem is maintained through Human Rights, advocacy, legal aid, economic empowerment, media coverage, etc. | 300,200 Palestinians residents living in EJ (36.8% of the city's population) (2017)                      | Maintaining the same number of Palestinian residents in the City as the baseline. |   |  |
|                           |  | - Donor co-ordination actions are increased to maximize the impact of the EU funds   | 0 joint EU – Member State joint activities in EJ.  | 2 EU – Member State joint activities are implemented                              |   | No further obstacles imposed on local and International NGOs by either the Palestinian Authority or Israel |
|                           |  |  |  |   |   | Greater and more concerted political efforts in defence of Palestinian Jerusalemites' basic human          |

<sup>13</sup> Mark indicators aligned with the relevant programming document mark with '\*' and indicators aligned to the EU Results Framework with '\*\*'.

|                  |   |  |   |   |   |  |
|------------------|---|--|---|---|---|--|
|                  |   | - Triangulation with EUD in Tel Aviv is enhanced under the EJP   | 0 co-ordination with EUD in Tel Aviv under the EJP  | 1 yearly co-ordination/briefing meeting with EUD in Tel Aviv under the EJP  | Minutes of the meeting  | rights<br>EU Member States continue to prioritise work in EJ   |
| <b>OUTCOME 1</b> | Protection and Rule of Law are reinforced | Number of Palestinians affected by discriminatory policies affecting their HRs, their housing land and property (HLP) rights, as well as their residency rights, receiving legal assistance and protection | <p>- About 9,900 Palestinians live in EJ with only military permits for family unification but without legal status or social security rights<sup>14</sup></p> <p>- During 2016, the Israeli authorities demolished 88 buildings in Jerusalem Governorate<sup>15</sup></p> <p>- In 2016, 116 building licenses were issued in Jerusalem governorate for residential buildings in area J2 with a total area of 71,900 m<sup>2</sup><sup>16</sup></p> | Increase in the number of beneficiaries (m/f) who receive legal services to protect their status as Jerusalemites by TBD% | <ul style="list-style-type: none"> <li>- EU HoMs Report's (2017) key recommendations</li> <li>- MSDS (2018-2022)</li> <li>- Statistics/reports from Palestinian institutions in Jerusalem</li> <li>- Partners' reports</li> </ul> | <p>The political situation does not further deteriorate</p> <p>The Israeli authorities do not penalize Palestinians for their advocacy efforts</p> <p>Israeli courts respect basic "Rule of Law principles"</p> <p>Individuals and families are not afraid to request the services of the related specialized organisations for legal defence, awareness raising sessions, and counselling</p> |

<sup>14</sup> [http://www.btselem.org/jerusalem/revocation\\_statistics](http://www.btselem.org/jerusalem/revocation_statistics).

<sup>15</sup> PCBS 2017 Jerusalem report.

<sup>16</sup> PCBS 2017 Jerusalem report.

|                                |   |  |   |   |  |   |
|--------------------------------|---|--|---|---|--|---|
| <b>OUTPUTS under OUTCOME 1</b> | Output 1.1<br>Legal services on residency, housing, land and property (HLP) rights are protected  | 75% of individuals who received eviction or demolition orders or revocation of their residencies remain in their homes due to legal representation | - Over 20,000 Palestinian housing units without an Israeli permit <sup>17</sup> in EJ<br>- 14,500 residency permits of Palestinians revoked by Israel since 1967 <sup>18</sup>                              | Number of cases of provision of legal aid is increased by TBD   |  |   |
|                                | Output 1.2<br>Detained/tortured/house arrested/community-service-sentenced Palestinian children (m/f) are supported through legal aid and/or services | Reduction in the percentage% of detained/tortured/house arrested/community-service-sentenced children through legal aid and advocacy efforts       | Number of EJ Palestinian minors (m/f) in Israeli detention centres and prisons in 2018 is 195 minors between the ages of 12+ till 18, in addition to 15 children who are below the age of 12. <sup>19</sup> | Decrease in the number of children (m/f) detained by TBD %  | - Statistics/reports from Palestinian Human Rights institutions monitoring the Israeli violations<br>- Partners' reports<br>- Israeli Human Rights organisations | Home-visits to children under home arrests remain allowed by Israeli authorities<br><br>Israeli Courts<br>Access to hospitals, prisons and houses to visit arrested children and their families is allowed by Israeli authorities to the Palestinian Human Rights Organisations |
|                                | Output 1.3<br>Israeli discriminatory laws and policies targeting Palestinians in EJ are monitored,  | Number of discriminatory laws and policies that are highlighted, challenged and changed through advocacy and public interest cases is increased    | In 2017 there were 92 Israeli discriminatory laws proposed against Palestinians in Jerusalem <sup>20</sup>  | Number of Supreme Court cases opened to challenge/change Israeli discriminatory legislations and policies to be confirmed |  |   |

<sup>17</sup> <https://www.acri.org.il/en/wp-content/uploads/2017/05/Facts-and-Figures-2017.pdf>.

<sup>18</sup> [http://www.hamoked.org/files/2016/1160432\\_eng.pdf](http://www.hamoked.org/files/2016/1160432_eng.pdf).

<sup>19</sup> Palestinian prisoners' Families' Committee 2018 report.

<sup>20</sup> <https://www.madarceneter.org/en/legal-monitor?start=5>.

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|                                | challenged and changed   |   |   |  |  |   |
|                                | Output 1.4 individuals, media outlets and or HRs defenders awareness, knowledge and advocacy efforts are increased | Percentage of individuals and/or HRs defenders, who are knowledgeable and engaged through media, advocacy and lobbying, is increased                                    | 125 East Jerusalem youth (age 20-30) (79 women, 46 men) currently engaged in advocacy <sup>21</sup> under the EJ programme                              | - Increase in the number of local and international individuals (m/f), civil society organisations, media outlets, as well as local and international duty bearers to be reached through advocacy efforts<br>TBD | Partners' reports & log frames<br><br>1-2 studies that monitor the local and international media coverage of the situation |   |
| <b>OUTCOME 2</b>               | Inclusive quality education and TVET services are enhanced   | Percentage children who are provided with inclusive educational services and facilities is increased  | 25 Schools in Jerusalem 6,859 Students (at least 50% m/f) and 459 teachers <sup>22</sup> are currently targeted under the EJ programme                  | At least 16 new schools will be targeted with a total of 2,803 students and 190 new personnel <sup>23</sup>  | Partners' reports and log-frames   | No further deterioration in the political situation<br><br>No further obstacles imposed on local and International NGOs by Israel |
| <b>OUTPUTS under OUTCOME 2</b> | Output 2.1 Inclusive, high quality education in Waqf and private Palestinian schools is                            | Number of children (m/f) (including children with special needs) accessing inclusive, high quality education in Waqf and private Palestinian schools in EJ is increased | - Between 2015 and 2016, 14% of Palestinian Jerusalemites students (m/f) were enrolled in the Waqf and 33% in Palestinian private schools <sup>24</sup> | 2,803 children   | - Statistics/reports from Palestinian institutions in Jerusalem<br>- Partners' reports                                     | MoEHE continues to supervise between Awqaf schools in East Jerusalem<br><br>MoEHE budget continues to consent payment of staff    |

<sup>21</sup> Under the current project with Danish Church Aid.

<sup>22</sup> Currently implemented projects with Terre Des Hommes (TDH) and Faisal Hussein Foundation (FHF).

<sup>23</sup> ENABEL.

<sup>24</sup> Ministry of Education presentation: (September 2016) 'Education in East Jerusalem is at Risk Facing big challenges'.

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|  | promoted   |   |  |   |   | in East Jerusalem   |
|  | Output 2.2 high quality inclusive teaching methodologies are adopted by the trained teachers | Percentage of trained teachers adopting inclusive teaching methodologies is increased   | 25 Schools in Jerusalem 6,859 Students (at least 50% m/f) and 459 teachers <sup>25</sup> are currently targeted under the EJ programme                               | At least 16 new schools will be targeted with a total of 2,803 students and 190 new personnel <sup>32</sup> | - Statistics/reports from Palestinian institutions in Jerusalem<br>- Partners' reports<br>- Israeli human Rights institutions | Projects' staff is allowed to work in East Jerusalem  |
|  | Output 2.3 Inclusive educational facilities are renovated and/or constructed                 | Number of classrooms/seats is increased by adding or renovating inclusive educational facilities and equipment  | 2,000 classrooms lacking for children in EJ in 2017 <sup>26</sup><br>- In 2016, just 44 new classrooms were added at public schools in East Jerusalem. <sup>27</sup> | 195 classrooms rehabilitated and 12 new classrooms created <sup>33</sup>                                    |   | MoEHE continues to contribute to supporting co-ordination between projects implemented in Awqaf schools in EJ |
| Output 2.4 Dropout rate of children in EJ is decreased | Percentage of the dropout rate of children (m/f) in EJ is decreased or maintained            | - 13% of Palestinian students (m/f) dropout in EJ per year <sup>28</sup><br>- About 33% of students do not complete 12 years of education <sup>29</sup><br><br>300 VTC students <sup>30</sup> are | TBD  |   | Access to schools staff and   |   |

<sup>25</sup> Currently implemented projects with TDH and FHF.

<sup>26</sup> ACRI report for 2017.

<sup>27</sup> ACRI report for 2017.

<sup>28</sup> [http://www.ir-amim.org.il/sites/default/files/Education\\_Report\\_2017-Fifty\\_Years\\_of\\_Neglect.pdf](http://www.ir-amim.org.il/sites/default/files/Education_Report_2017-Fifty_Years_of_Neglect.pdf).

<sup>29</sup> ACRI – Facts and figures 2017.

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|                  | <p>Output 2.5<br/>Modern, innovative and market driven TVET (including tourism related) educational and training programmes are in place</p> <p>Output 2.6<br/>Awareness raising programmes on TVET are in conducted</p> | <p>Percentage of students accessing modern, innovative and market driven TVET educational and training programmes is increased</p> <p>Number of students targeted in awareness raising programmes on TVET is increased</p> | <p>currently targeted</p> <p>6000 students are currently targeted under the EJ programme<sup>31</sup></p> | <p>At least new students 210 will be targeted</p> <p>TBD</p>  | <p>- Statistics/reports from Palestinian institutions in Jerusalem</p> <p>- Partners' reports</p> <p>- Israeli human Rights institutions</p> | <p>students (as well as TVET schools ) is not permanently hampered by closures, clashes, road-blocks or check-points</p> <p>Attendance and participation to trainings remains high</p> |
| <b>OUTCOME 3</b> | Private sector and economic development are promoted   | Number of businesses and households that benefit from a stronger, more accessible and sustainable economic environment in EJ is increased  | 76% of poverty rate affecting Palestinians (m/f) in EJ, including 83.4% of children <sup>34</sup>         | <p>Increase in the number of Palestinians who start income generating activities in EJ or who find new job opportunities by TBD%</p> <p>% of increase in the number of tourists and customers in EJ</p> | <p>- Statistics/reports from Palestinian institutions in Jerusalem</p> <p>- Partners' reports</p> <p>- Israeli human Rights institutions</p> | <p>No further deterioration in the political situation</p> <p>No further obstacles imposed on local and International NGOs by Israel</p>   |

<sup>30</sup> (currently targeted under the COOPI project).

<sup>32</sup> ENABEL.

<sup>33</sup> ENABEL.

<sup>31</sup> Ibid.

<sup>34</sup> ACRI Jerusalem Facts and Figures 2017.



|                                |  |   |   | The target number of supported businesses or created businesses TBD      |   |   |
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| <b>OUTPUTS under OUTCOME 3</b> | Output 3.1 Job opportunities created                                   | Number of job opportunities created is increased  | The unemployment rate in Jerusalem Governorate of persons aged 15 years and above was 15.4% in 2016 <sup>35</sup><br>Employment rates in Jerusalem governorate in 2016 was 84.6% <sup>36</sup>                        | Increase in the number of individuals (m/f) with access to labour market | <ul style="list-style-type: none"> <li>- Statistics/reports from Palestinian institutions in Jerusalem</li> <li>- Partners' reports</li> <li>- Israeli human Rights institutions</li> </ul> | <p>A good level of co-operation is maintained between the different partners,</p> <p>Networking between East Jerusalem and the West Bank is not further hindered by difficulties of movement and/or the deterioration of the political / diplomatic climate</p> |
|                                | Output 3.2 Local and international tourists are encouraged to visit EJ | Number of local and international tourists is increased                                 | There were 24 hotels in operation in Jerusalem Governorate at the end of the year 2016, with 1,462 rooms and 3,168 beds. The total number of guests in Jerusalem governorate hotels was 99,372 in 2016. <sup>37</sup> | Decrease in the number of local and international tourists               |   |   |
|                                | Output 3.3 Capacities and skills are improved                          | Improved skills(for employability and/or production) are adopted by 80% of the trainees | - Labour force participation rate of persons aged 15 years and above in Jerusalem governorate was 30.3% in 2016 <sup>38</sup>   | 80% of trainees improved their employability and production skills       |   |   |

<sup>35</sup> PCBS 2017 Jerusalem Report.

<sup>36</sup> Ibid.

<sup>37</sup> PCBS 2017 Jerusalem Report.

<sup>38</sup> PCBS 2017 Jerusalem Report.

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|                  | Output 3.4 Entrepreneurship and local businesses/MSMEs are supported | Supported businesses increase their revenue | <p>- According to PCBS number of registered businesses, the statistical yearbook (2016) only provides the numbers for 2012: The number of business establishments was 10,464</p> <p>- Employed persons in Jerusalem Governorate distributed by employment status in 2016 were as follows: 3.7% employers, 14.2% self-employed, 81.6% wage employee, and 0.5% unpaid family member.<sup>39</sup></p> | % of supported businesses increase their revenues by % TBD |  | <p>political / diplomatic climate</p> <p>No further obstacles imposed on local and International NGOs by Israel</p>                      |
| <b>Outcome 4</b> | Culture and heritage are protected in EJ                             | Palestinian cultural identity is protected  | <p>In 2016, there were 48 licensed cultural centres and 2 theatres operating in Jerusalem Governorate. (between 2014 and 2015, the number of licensed cultural centres dropped by 25 percent, from 64 to 48).<sup>40</sup></p>  | TBD  |  | <p>No further deterioration in the political situation</p> <p>No further obstacles imposed on local and International NGOs by Israel</p> |

<sup>39</sup> Ibid.  
<sup>40</sup> PCBS 2017 Jerusalem Report.

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| <b>Outputs under Outcome 4</b> | Output 4.1<br>Cultural and historical sites with a special focus on the Old City are preserved and/or revitalized                                | At least 1 new cultural and/or historical site is renovated/revitalized   | 3 cultural historical sites have been preserved/revitalized under the EJ programme <sup>41</sup> | TBD | - Statistics/reports from Palestinian institutions in Jerusalem<br>- Partners' reports | The Israeli Ministry of Antiquities does not completely further renovation works  |
|                                | Output 4.2:<br>Cultural participation in Jerusalem is diversified and enhanced through cultural activities, arts and music                       | 80% of community members who attend/participate in art/cultural activities feel more connection with their cultural roots | 2015: 10, 000 people participated in art/ cultural activities <sup>42</sup>                      | TBD |  | The shrinking space for cultural organisations does not become too restricted for organisations to continue to operate (closing of Bank accounts, detaining staff/performers, shutting down activities while in performance, cancelling registration of organisations, etc. |
|                                | Output 4.3 The quality and diversity of cultural scene is reinforced by a strengthened co-operation between the Jerusalem-based cultural centers | Increased the number of joint initiatives/platforms of Jerusalem based cultural centers under the EJ programme            | 2016-2018: 5 joint initiatives/platforms conducted under the EJ programme                        | TBD |  | Cultural organisations are still committed to working with each other   |

<sup>41</sup> 2 Hammam's and 1 building (Dar Al Consul).

<sup>42</sup> Source: PCBS, Survey of Status of Cultural Institutions in Palestine, 2015.

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| OUCOME 5                | Social welfare is reinforced  | The EJ community is supported through various social welfare programmes  | 37% of the Palestinians of the City (around 36,029 individuals) need social welfare services <sup>43</sup>  | TBD  |  |   |
| Outputs under Outcome 5 | <p>Output 5.1 Preventative and treatment measures to deter and treat drug abuse are in place</p> <p>Output 5.2 individuals, especially children with disabilities, and their families, enjoy improved living conditions and rights</p> <p>Output 5.3 Healthy,</p> | <p>Number of treated/deterred individuals (m/f) especially youth from drug addiction in EJ</p> <p>80% of the families, especially women and children from East Jerusalem who received the services demonstrated improvement in the quality of their lives.</p> <p>Percentage of beneficiaries benefiting</p> | <p>Approximately 20 thousand people in Jerusalem, are drug users (with about 6000 of them classified as real addicts)<sup>44</sup></p> <p>TBD</p> <p>37% of the Palestinians of the City (around 36,029</p> | <p>Increase the number of children and youth (m/f) with access to needed support services and awareness raising campaigns</p> <p>TBD</p> <p>Improvement of the quality and increase of the</p> | <p>- Statistics/reports from Palestinian institutions in Jerusalem</p> <p>- Partners' reports</p> <p>- Statistics/reports from Palestinian institutions in</p> | <p>No further deterioration in the political situation</p> <p>No further new obstacles imposed on local and International NGOs by Israel</p> <p>No further deterioration in the political situation</p> |

<sup>43</sup> ACRI Jerusalem Facts and Figures report 2017.

<sup>44</sup> January 2017: <http://midan.aljazeera.net/reality/community/2017/1/17/%D8%A7%D9%84%D9%85%D8%AE%D8%AF%D8%B1%D8%A7%D8%AA-%D9%81%D9%8A-%D8%A7%D9%84%D9%82%D8%AF%D8%B3-%D9%82%D8%B5%D8%B5-%D8%A7%D9%84%D9%85%D9%82%D8%A7%D9%88%D9%85%D9%8A%D9%86-%D9%88%D8%A8%D8%B1%D9%88%D8%AA%D9%88%D9%83%D9%88%D9%84%D8%A7%D8%AA-%D8%A7%D9%84%D8%B5%D9%87%D8%A7%D9%8A%D9%86%D8%A9>

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|  | resilient and safe environments for the most vulnerable communities are promoted   | from healthier, more resilient and safer environments witness the difference in the quality of their lives.    | individuals) need social welfare services <sup>45</sup>   | quantity of community and environmental services | Jerusalem<br>- Partners' reports<br>- Israeli human Rights institutions   | No further new obstacles imposed on local and International NGOs by Israel   |
|  | Outcome 6: Urban development and housing are enhanced  | At least 100 families benefiting from supported access to the housing sector are able to secure their housing. | Around 2000 residential units are needed per year for EJ <sup>46</sup>  | TBD  | - Statistics/reports from Palestinian institutions in Jerusalem<br>- Partners' reports<br>- Israeli human Rights institutions |  |
|  | Output 6.1 Access to housing in EJ (through construction/renovation/ or access to finance) for vulnerable families and individuals (m/f) especially women, youth and children, is facilitated<br><br>Urban plans and | Number of housing units accessible to families<br><br>Percentage of urban                                      | In 2016, 116 building licenses were issued in Jerusalem governorate for residential buildings in area J2 with a total area of 71,900 m <sup>2</sup> <sup>47</sup> | TBD  | - Statistics/reports from Palestinian institutions in Jerusalem<br>- Partners' reports<br>- Israeli human Rights institutions | No further deterioration in the political situation<br><br>No further new obstacles imposed on local and International NGOs by Israel<br><br>Assuming the Israeli authorities will continue to allow Palestinians to demand their rights under |

<sup>45</sup> ACRI Jerusalem Facts and Figures report 2017.

<sup>46</sup> East Jerusalem Sectoral Development Strategy 2018-2022.

<sup>47</sup> PCBS Jerusalem report 2017.

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|  | building permits for Palestinian neighbourhoods are developed | plans adopted out of all the developed urban plans | 250 number of cases supported by the Urban Clinic <sup>48</sup> | TBD |  | their courts |
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<sup>48</sup> International Peace & Co-operation Centre ongoing project.