

# Palestine Country Programme Country Programme Document 2016-2020

## Contents

Using this Document.....	i
Abbreviations and Acronyms.....	ii
1. Introduction and background.....	1
2. Summary of the Country Level Context .....	1
2.1. Danish policy objectives and overall strategic choices .....	1
2.2. Context and recent developments on the ground.....	3
2.3 Overall Justification .....	4
2.4 Theory of Change .....	5
2.5 Overall structure, results framework and alignment with the Palestinian National Development Plan (NDP) 2014-2016 .....	7
2.6 Aid effectiveness and donor harmonisation .....	10
2.7 HRBA.....	10
2.8 Risks.....	11
2.9 Budget Allocations .....	13
3. Thematic Programme 1 (TP1): Supporting State Building Efforts .....	13
3.1 Justification .....	13
3.2 Integration of experience and results from previous cooperation.....	14
3.3 Summary of Development Engagements .....	15
3.4 Theory of Change for TP1 .....	17
3.5 Indicative results framework .....	18
3.6 Summary of risk analysis.....	19
4. Thematic Programme 2 (TP2): Promoting Economic Development .....	20
4.1 Justification.....	20
4.2 Integration of experience and results from previous cooperation .....	21
4.3 Summary of Development Engagements.....	22
4.4 Theory of change for TP2 .....	23
4.5 Indicative results framework.....	24
4.6 Summary of risk analysis .....	25
5. Thematic Programme 3 (TP3): Strengthening Human Rights and Democratic Accountability.....	25
5.1. Justification .....	26
5.2. Integration of experience and results from previous cooperation.....	27
5.3. Summary of Development Engagements.....	27
5.4. Theory of change for TP3 .....	30

5.5. Indicative results framework.....	31
5.6. Summary of risk analysis .....	33
6. Programme Management and Monitoring .....	33
6.1 Modalities of support .....	33
6.2 Programme and Financial Management.....	35
6.3 Monitoring arrangements and reviews.....	37

Annexes - forwarded to the Danida Grant Committee:

Annex A: Denmark – Palestine Country Policy Paper 2016-2020

Annex B: Brief Descriptions of Partners

Annex C: Results Framework for Palestine Country Programme 2016-2020

Annex D: Country Programme Budget

Annex E: Risk Management Matrix

Annex F: Approved response by representation to summary of appraisal recommendations

Annex G: List of Supplementary Material

Additional annexes to be made available upon request:

Annex H: Draft Development Engagement Documents

Annex I: HRBA / Gender Screening Note

Annex J: Climate Change and Green Growth Screening Note

Annex K: NDP 2014-2016 and National Policy Agenda Matrix

Annex L: TOR for Municipal Sector technical advisor

Annex M: TOR for FAO technical advisor

## Using this Document

This document has been prepared in line with Danida's Guidelines for Country Programmes from April 2015. It narrates the theory, structure, expected outcomes and Danish motivations for the Palestine Country Programme (PCP) and its engagements, as well as programme management arrangements, budget and anticipated risks. The PCP's strategic direction is represented in its three thematic programmes (TPs), with its practical implications described under the summary of development engagements. The full package of documents, provided as separate files, includes:

- Draft Development Engagement Documents (DEDs). Preliminary versions of the DEDs have been shared with partners and finalization of the documents will take place when final contribution agreements have been negotiated.
- A PCP budget. Whereas the present document includes an overview of the distribution of funds for the three TPs, the single-sheet in annex D provides one-page budget of all TPs and development engagements.
- A risk management tool, in the form of a matrix in annex E. While the present document provides a summary of risks, the risk management matrix gives a more detailed overview of what the response of Denmark may be if those risks become manifest.
- Notes from screening the programme in relation to climate change/green growth and the human rights based approach and gender equality are enclosed in annex I and J, respectively. Whereas the present document describes how the PCP will implement progress against these cross-cutting issues, the screening notes illustrate the thinking behind the analysis and chosen approach.

## Abbreviations and Acronyms

<b>AHLC</b>	Ad hoc Liaison Committee
<b>ARABOSAI</b>	Arab Organisation of Supreme Audit Institutions
<b>CSO</b>	Civil Society Organisation
<b>DED</b>	Development Engagement Document
<b>DHIP</b>	Danish House in Palestine
<b>DKK</b>	Danish Kroner
<b>DRO</b>	Danish Representation Office
<b>EU</b>	European Union
<b>EUNIC</b>	European Union National Institutes for Culture
<b>EUREP</b>	Office of the European Union Representative
<b>FAO</b>	Food and Agricultural Organization
<b>GAM</b>	Grant Allocation Mechanism
<b>GDP</b>	Gross Domestic Product
<b>HR</b>	Human Rights
<b>HRBA</b>	Human Rights Based Approach
<b>ICC</b>	International Coordinating Committee of National Human Rights Institutions
<b>ICHR</b>	Independent Commission for Human Rights
<b>IDI</b>	INTOSAI Development Initiative
<b>IHL</b>	International Humanitarian Law
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>INTOSAI</b>	International Organisation of Supreme Audit Institutions
<b>ITC</b>	International Trade Centre
<b>LACS</b>	Local Aid Coordination Secretariat
<b>LED</b>	Local Economic Development
<b>LGU</b>	Local Government Unit
<b>MDLF</b>	Municipal Development and Lending Fund
<b>MDLG</b>	Municipal Development and Local Government
<b>MDP</b>	Municipal Development Programme
<b>MDTF</b>	Multi-Donor Trust Fund
<b>MERAP</b>	Middle East Regional Agricultural Programme
<b>MoA</b>	Ministry of Agriculture
<b>MoFP</b>	Ministry of Finance and Planning
<b>MoLG</b>	Ministry of Local Government
<b>MSME</b>	Micro, Small and Medium-sized Enterprises
<b>MS</b>	EU Member States
<b>NDP</b>	Palestinian National Development Plan 2014-2016
<b>PA</b>	Palestinian Authority
<b>PCP</b>	Palestine Country Programme
<b>PCBS</b>	Palestinian Central Bureau of Statistics
<b>PEGASE</b>	Mécanisme Palestino-Européen de Gestion de l’Aide Socio-Economique
<b>PID-MDTF</b>	Partnership for Infrastructure Development –Multi-Donor Trust Fund
<b>PLC</b>	Palestinian Legislative Council (the Parliament)
<b>PLO</b>	Palestinian Liberation Organisation
<b>SAACB</b>	State Audit and Administrative Control Bureau

<b>SDIP</b>	Strategic Development and Investment Plan
<b>SWG</b>	Sector Working Group
<b>TP</b>	Thematic Programme
<b>UNOHCHR</b>	United Nations Office of the High Commissioner for Human Rights
<b>WB</b>	West Bank
<b>WBG</b>	West Bank and Gaza

# 1. Introduction and background

Denmark has maintained a strong and continuous engagement with Palestine since the establishment of the Palestinian Authority (PA) following signing of the Oslo accords in 1993 and 1995. The overall aim has been to support the realization of a two-state solution between Israel and Palestine and lay the foundations for a viable Palestinian state.

This document provides an overview of Denmark's Palestine Country Programme 2016-2020 (PCP), giving a coherent framework for delivering development assistance to support Denmark's policy objectives as outlined in *Denmark – Palestine Country Policy Paper 2016-2020*.

The PCP 2016-2020 consists of three Thematic Programmes (TPs), which are all thematic continuations of previous activities, namely:

- TP.1 Supporting State Building Efforts,
- TP.2 Promoting Economic Development, and
- TP.3 Strengthening Human Rights and Democratic Accountability

The TPs and their Development Engagements offer scope for a range of useful synergies through which they will support each other. Collectively, they contribute specifically to the following Sustainable Development Goals (SDG): SDG 8, *Decent work and economic growth* and SDG 16, *Peace, justice and strong institutions*, but they also contribute to SDG 1, *No poverty* and SDG 5, *Gender equality*. The budget will amount to DKK 445 million. While the TPs are based on previous Danish programmes and experience – including the recent *Transition Programme: Danish-Palestinian Partnership 2014-2015* – the number of development engagements has been reduced to enhance the focus and efficiency of Denmark's assistance to Palestine. Moreover, all Development Engagements in the PCP, apart from the support for the Danish House in Palestine (DHIP), are implemented as joint donor funding, or co-funding of programmes implemented by multilateral donors (the EU, the UN and the World Bank).

This document has been developed in accordance with Danida's strategies and guidelines and draws on a Human Rights Based Approach (HRBA). The planning of the programme has been carried out in close consultation with representatives of the PA, governmental and nongovernmental partners as well as multilateral and bilateral donors engaged in development in Palestine.

## 2. Summary of the Country Level Context

### 2.1. Danish policy objectives and overall strategic choices

In 2014-2015 an evaluation of the Danish engagement in Palestine was carried out<sup>1</sup>. The evaluation concluded that, while the overall goal of establishment of a two state solution has not been achieved, the Danish engagement has had important contributions towards state-building. Thus the report states: *"The support to local government led to significant achievements, especially in terms of improved performance of municipalities and the realisation of hundreds of infrastructure and community development projects for the population."* On Danish support to Human Rights, the Evaluation report stressed: *"Danish support to human rights and civil society contributed to stronger human rights actors...."*

---

<sup>1</sup> The evaluation focused on 2009-13. See *Evaluation of the Danish Engagement in Palestine*, MFA, May 2015.



The lessons learnt in the evaluation are summed up in a number of key recommendations which have provided a point of departure for the design of the PCP. They include:

- Funding and non-funding activities should be combined; hence policy dialogue with both PA and Israel should complement development assistance
- Danish support to local government and to human rights should be continued
- Focus on the most vulnerable groups in Area C of the West Bank and Gaza, should be maintained.
- The number of areas/programme engagements ought to be further reduced.
- Denmark should help promote best practices on aid effectiveness by continuing to reduce the number of bilateral projects and help further multilateral funding and co-funding

The *Denmark – Palestine Country Policy Paper 2016-2020* defines the overall political objective of Denmark's engagement in Palestine as follows: *'To support the realisation of a two-state solution to the Israeli-Palestinian conflict, encompassing the State of Israel and an independent, democratic, sovereign and contiguous State of Palestine, living side by side in peace and security.'* The objective of the PCP, being the operationalisation of the overall political goal, is thus defined as: *'To contribute to state building as a prerequisite for statehood through strengthened local governance structures and promotion of a sound economic basis with respect for human rights and democratic accountability.'* Hence, the TPs and their Development Engagements all contribute to the necessary foundations of an independent state in a two-state solution, including the necessary central and local government structures, accountability mechanisms, as well as a strong economic basis. At the same time, however, the Policy Paper recognises that developments on the ground in Palestine and Israel have made the achievement of a two-state solution increasingly difficult.

A number of choices had to be made in the final selection of development engagements taking into account the binding constraints pertaining to the occupation and the internal Palestinian divide as well as the reduced overall budget. The overall decision was that the reduced country programme should be focused on fewer engagements, while keeping three thematic programmes, as this would provide space for flexibility in case of unforeseen developments on the ground. In TP1 support to the national level in the form of earmarked budget support through an EU-mechanism (PEGASE) and to the Negotiation Affairs Department were discontinued, and the number of engagements at local government level was reduced through division of labour with other donors. TP2 was expanded compared to the Transition Programme (2014-2016) based on a specific request from the PA to support much needed economic growth and job creation. This has been done through preparation of a new engagement on agribusiness value chains and enlarging an existing engagement on MSMEs with Oxfam, primarily through a wider geographical coverage. Finally, in TP3 the support for human rights have been strengthened in line with the Government's priorities and support for the Auditor General's office has been added to enhance democratic accountability, which is essential, not least in a situation where parliamentary controls are non-functioning as a result of the internal political divide.

In all the development engagements the guiding principles will be non-discrimination with a focus on gender equality, participation and inclusion, transparency, and accountability. Until a negotiated two-state solution has been reached, Israel bears the primary responsibility for guaranteeing the human rights of the Palestinian population in the occupied territories. However, Palestine has also clearly signalled – through the accession to a wide range of international human rights conventions – that it wants to be measured against the highest standards of international human rights and humanitarian law in areas where it exercises control. The duty bearers on both sides must thus be held accountable. Hence, the Country Policy Paper stresses that close coordination between the political and developmental tools is a necessity in a future Danish engagement in Palestine: *'The much needed reforms within Palestine require a frank political dialogue between international*

*partners, including Denmark, and the Palestinian Authority. ... Additionally, a regular political dialogue with the Israeli authorities will form part of the Danish engagement.'*<sup>2</sup>

## **2.2. Context and recent developments on the ground**

The situation in the occupied Palestinian territories remains fragile and is subject to a range of political, security, social, and economic threats arising both from the Israeli occupation and divisions between the Palestinian political factions. Among the main issues that have influenced the design of the PCP are:

- **The stalled peace process and the consequences of the continued occupation.** Several rounds of unsuccessful negotiations have in most Palestinian eyes led to continuous, negative change on the ground and caused widespread public frustration.
- **The lack of free movement.** Due to the geographical fragmentation of the West Bank into Area A, B and C, the building of settlements and outposts as well as the reservation of land in the West Bank for various Israeli use and access restrictions on certain roads in Area C, Palestinian movement of people and goods is heavily restricted. The restrictions related to the blockade of Gaza imposed by Israel in 2007 have limited free movement for Palestinians further, effectively curtailing imports and exports to a fraction of previous levels.
- **The internal political divide and eroded political legitimacy.** Internal Palestinian factors constitute a significant challenge, not least the split between Fatah and Hamas as well as intra-Fatah rivalries. This has led to an increasing democratic deficit created by the deferral of parliamentary and presidential elections since 2005 and 2006, respectively, the suspension of the Palestinian Legislative Council (the Parliament) since 2007, and the subsequent consolidation of a *de facto* Hamas authority in Gaza. Thus, the **accountability and governance situation in Palestine is weak** and according to the World Bank's Worldwide Governance Indicators 2014, Palestine scores very low on all six Governance Indicators. Palestinian municipalities and village councils are presently the only institutions that offer democratic representation to citizens.
- **Continued HR/IHL violations.** Challenges in the area of human rights are a major concern, not least in Gaza. Moreover, freedom of expression and freedom of association are under threat. The IHL violations related to Israel's obligations to protect and provide for the occupied population add further to this picture. However, since 2014 Palestine has ratified a number of international HR treaties, which opens a window of opportunity to influence policies and practices of the Palestinian authorities to bring them more in line with international human rights standards and principles.
- **Gender equality** remains a challenging issue and women are still marginalised in the public and private sphere in terms of their economic, social and political participation due to antiquated legislation and conservative norms.
- **Economic stagnation.** Palestine is one of the poorest areas of the Middle East and North Africa region. According to the World Bank, the economy remains acutely vulnerable to the effects of Israel's occupation, particularly restrictions on access and movement, as well as continued political uncertainty. Since 2012, there have been periods of recession. With the economic stagnation comes **high unemployment rate**, which is close to 16 per cent in the West Bank and 42 per cent in Gaza (2015). Agriculture presently makes up to 90 per cent of all informal employment in Palestine.

---

<sup>2</sup> 'Denmark – Palestine Country Policy Paper 2016-2020', MFA, June 2016

## 2.3 Overall Justification

In light of the above context and considerable challenges, the overall justifications for the PCP are:

- Despite the stalled peace process, potential exists for assisting in building up capacity and strengthening of governance structures, not least at the local level, which can strengthen service delivery and help consolidate current state building efforts, thus contributing to democratic and accountable government in the longer run. In this area the PCP specifically contributes to SDG 16, *Peace, justice and strong institutions*.
- The international community has both a moral and legal obligation as a third party to help prevent the violations of HR and IHL and relieve the severe human and social consequences of the continued Israeli-Palestinian conflict. This obligation is further underlined by the international security and human rights norm “responsibility to protect” (R2P).
- Further economic development, not least development of the agricultural sector which remains one of the most strategically important and resilient productive sectors of the Palestinian economy, contribute to relieving the social crisis of lower income groups in the West Bank and in the Gaza Strip, as well as to underpinning the state building process. The PCP thereby contributes to SDG 1, *No poverty*, SDG 5, *Gender equality* and SDG 8, *Decent work and economic growth*.
- Cultivation of land as well as support for infrastructure development and planning in Area C is critical to improving the livelihood of increasingly marginalised communities, as well for maintaining Palestinian presence in the area, thereby preserving the longer term viability of a Palestinian state. The PCP in this area contributes to SDG 8, *Decent work and economic growth* and SDG 16, *Peace, justice and strong institutions*.

The justification of the PCP according to the five quality criteria established by OECD-DAC appears from the below table.

*Table 1: Justification for programme design based on the five quality criteria established by OECD-DAC: Relevance, impact, effectiveness, efficiency, and sustainability*

DAC Criteria	Measures
Relevance	With emphasis on strengthening local governance and respect for human rights as well as promoting economic development the PCP consists of essential elements for preparing Palestine for statehood, thus underpinning the overall political goal. Development engagements in the West Bank aim at maintaining access to land in Area C, which is a prerequisite for a contiguous Palestinian state. Furthermore, there is a high degree of alignment to the Strategic Objectives of the NDP 2014-2016 (table 3).
Effectiveness	PCP effectiveness will be addressed by targeting both <u>duty-bearers</u> and <u>rights-holders</u> in all three thematic programmes. The TP1 continued support through performance-based grants to municipalities will lead to improvement in governance and administrative practices. In TP2 the application of a value-chain and market-driven approach in agriculture will act as a lever to increase effectiveness through the direct involvement of male and female farmers and with focus on effective management of land and water resources. In TP3 continued support for human rights through the ICHR and CSOs will demand improvements from duty bearers and sensitise rights-holders of their rights. Improved accountability through support to the auditor general will enhance results in the public sector, including at local level.
Efficiency	Efficiency will be ensured by working through multilateral organisations and joint donor mechanisms. Partners will be selected based on track record or on careful assessments against set criteria. The TP1 will have <i>one</i> implementing partner, the MDLF – with a

	proven track record. The selected partners in TP2 will contribute significantly to the efficiency by virtue of the operational experiences from previous programmes. In TP3 joint donor arrangements in human rights encompassing several donors will ensure efficiency as well as avoid overlapping and donor competition. The support for the auditor general will be provided jointly with the EU.
Impact	TP1 will contribute to improved local government structures and processes that better serve the population according to the stipulated mandate, good governance and human rights principles; TP2 will develop skills that will connect to market opportunities and ensure economic impact; TP3 aims to institutionalize concrete changes in policy and practice of duty bearers, in order for them to better adhere to HR and good governance standards and comply with international human rights treaties and international humanitarian law.
Sustainability	Sustainability in TP1 will be promoted through focus on citizens' engagement, improvement of procedures in municipalities as well as on fiscal sustainability. In TP2, the development of relevant skills of small scale farmers will lead to sustainable improvements in livelihoods and economic development that in turn will guide the future direction of building economically viable businesses. For TP3, local ownership is enhanced through core funding of strategic plans of partners in civil society, in the ICHR and in the Auditor General's Office, thus ensuring sustainable practices.

## 2.4 Theory of Change

The PCP's theory of change is that by supporting Palestinian efforts in the areas of local governance, human rights and economic development, progress will be made against national planning targets of more effective municipal administration, stronger human rights protection, income generation and improved livelihoods with clear synergies among the engagements. At the same time, the contributions of the PCP will be reinforced by joining other international development partners as well as Palestinian actors, whereby short-term effects at the project level can lead to medium and long-term results. The change logic at the overall programme level is illustrated in the below table 2. Moreover, the theory of change at TP level is outlined in the below chapters 3 to 5.

*Table 2: PCP theory of change*

<b>Assumption 1</b>	The Palestinian Authority shows willingness to work on a common development and reform agenda consistent with international human rights principles. While serious political, security and economic constraints exist – including intra-Palestinian divide and political rivalry - this does not prevent development engagements from aiming at state-building, strengthening of independent checks and balances mechanisms and at strengthening civil society and developing the agricultural sector with a significant untapped, potential – even in view of the restrictions, and....
<b>Assumption 2</b>	Security is sufficient to permit core governance functions to operate, although there are periodic reversals and problems of access, particularly in relation to Gaza and Area C, that limit the pace of development and ...
<b>Assumption 3</b>	Overall Palestinian priorities continue to be outlined in a comprehensive, nationally owned development plan and sector plans providing a sufficient basis for alignment, and ...
<b>Assumption 4</b>	Local government units will continue to be considered legitimate by the local citizens and are willing to work with and adhere to MDLF guidelines and criteria, and...
<b>Assumption 5</b>	Small scale farmers are interested in adopting new cropping and dairy farming practices, including more efficient use of water and engage in increasing the value of their products in dialogue with private sector partners, and...
<b>Assumption 6</b>	Rights holders have sufficient trust in civil society organisations representing them and continue to consider UN Human Rights treaties and IHL as relevant instruments and are willing to cooperate with the international development partners, and ...

<b>Assumption 7</b>	Donors channel sufficient support through trust fund structures and joint programmes, with which these can operate and implement meaningfully, <b>then if...</b>
<b>Inputs</b>	<p><b>Denmark provides funding for:</b></p> <ul style="list-style-type: none"> <li>• Development of the policy framework for the Local Government Sector and enhanced donor coordination and alignment;</li> <li>• Improved municipal management practices and enhanced social accountability in the 138 municipalities through provision of performance based grants and support for capacity building combined with construction of basic infrastructure in municipalities and in selected communities in Area C of the West Bank based on local needs and participatory planning;</li> <li>• Investments in improving value chains in the agricultural sector for small scale farmers and cooperatives, including land use, water management, post-harvesting and marketing;</li> <li>• Strengthen the resilience and increase agricultural production and dairy farming among small-scale farmers and Micro, Small and Medium-sized Enterprises (MSMEs);</li> <li>• Support to independent checks and balances mechanisms and CSOs to build awareness and capacity to hold duty bearers accountable on human rights, international humanitarian law and engage in democratic accountability processes;</li> </ul> <p><b>then the results will be...</b></p>
<b>Short term changes</b>	<ul style="list-style-type: none"> <li>• Improved and more coherent policy framework for the local government sector through enhanced policy dialogue;</li> <li>• ##% of the municipalities have improved administrative practices and collection efficiency and enhanced social accountability mechanisms according to agreed criteria, and specific infrastructure projects have responded to public needs and priorities, including private sector development, because the incentives of the performance-based grant together with the support for capacity building and availability of funding have made the municipalities enhance processes and practices;</li> <li>• ## Palestinian communities in Area C have benefited from community development projects, small scale infrastructure and social infrastructure projects, because the availability of funding as well as participatory local planning processes have helped to identify the most crucial needs of the selected local communities;</li> <li>• Production and productivity have been raised by farmers, including dairy farmers, and MSMEs in selected agro-business value chains, employment has increased, and access to both local and international markets has improved, because of introduction of market-oriented production, post-harvest handling and processing systems, as well as advocacy on movement and access restrictions;</li> <li>• Strengthened social accountability practices and processes in municipalities are reinforced by support to CSOs and independent accountability mechanisms which mutually reinforce the process of Palestinian state building, in the absence of periodic elections and a functioning the Legislative Council in Palestine;</li> <li>• The Independent Commission for Human Rights has improved its capacity to raise public awareness on human rights and to support, monitor and hold Palestinian duty bearers to account to their HR/IHL commitments and to good governance standards;</li> <li>• The State Auditor, SAACB, has enhanced capacity to perform audits in accordance with INTOSAI standards of the use of public funds as well as performance audits, such as the local government fiscal system and to provide recommendations;</li> <li>• CSOs and CSO networks, representing rights holders, have improved capacity to work rights based, strategically and effectively to hold duty bearers accountable;</li> </ul> <p><b>leading to ...</b></p>

<b>Medium term changes</b>	<ul style="list-style-type: none"> <li>• Municipalities are more fiscally sustainable and accountable, and better able to fulfil their mandated functions; citizens enjoy improved access to services and essential infrastructure and private sector has better local enabling environment; and systematic local level social accountability dialogue exists;</li> <li>• Local communities are better able to sustain their livelihoods in Area C through improved access to basic services and infrastructure, thus providing the basis for maintaining Palestinian presence in Area C;</li> <li>• Small scale farmers and SMEs with a stronger role for female farmers in the West Bank, including in Area C, and in Gaza contribute to increase agricultural GDP, have improved access to local markets and exports, thereby increasing access to land and employment;</li> <li>• Independent checks and balances mechanisms are able to influence policy and practices of duty bearers, so that they better adhere to their obligations according to HR/IHL and good governance standards;</li> <li>• CSOs/Networks are taking coordinated action to hold duty bearers accountable through monitoring, documenting, reporting, advocacy and policy dialogue on HR/IHL application and good governance;</li> </ul> <p><b>eventually contribute to...</b></p>
<b>Long term, lasting changes</b>	State building as a prerequisite for statehood through strengthened local governance structures and promotion of a sound economic basis with respect for human rights and democratic accountability.

## 2.5 Overall structure, results framework and alignment with the Palestinian National Development Plan (NDP) 2014-2016

### Overall structure and results framework

The overall structure and results framework of the PCP – which have been developed to be able to address the challenges on the ground in line with Danish policy goals - can be found in the below table 3.

*Table 3: PCP - Thematic programmes and Development Engagements*

<b>Palestinian Country Programme (2016-2020)</b>	
Country programme objective: To contribute to state building as a prerequisite for statehood through strengthened local governance, promotion of a sound economic basis and with respect for human rights and democratic accountability.	
<b>TP1: Supporting State Building Efforts</b>	
Thematic Objective: Effective, legitimate and resilient local government institutions serving Palestinians in WBG, and ensuring a continued Palestinian presence in Area C of the West Bank.	
<b>Development Engagements</b>	<b>Outcome</b>
1.1 Municipal Development Programme and Local Government Reform	Municipalities are more fiscally sustainable and accountable, and better able to fulfil their mandated functions; and citizens will enjoy improved access to services and essential infrastructure.
1.2 Development of Area C in the West Bank	Local communities are better able to sustain their livelihoods in Area C through improved access to basic services and infrastructure.
<b>TP2: Promoting Economic Development</b>	
Thematic Objective: More productive and efficient small and medium scale agribusinesses and an increased agricultural sector contribution to GDP and employment in Palestine.	
<b>Development Engagements</b>	<b>Outcome</b>

2.1 Reform and development of markets, value chains and producers' organizations	Sustainably improved income and labour productivity in agribusiness
2.2 Integrated market development programme across the occupied Palestinian territory (oPt)	Small-scale women and men producers in the high value fruit and dairy value chains in the West Bank, Jerusalem and Gaza have increased incomes and are more resilient .
<b>TP3: Strengthening Human Rights and Democratic Accountability</b>	
Thematic Objective: Reinforcing accountability and human rights/humanitarian law adherence of duty bearers and strengthening the voice and participation of CSO, representing rights holders, in democratic processes - moving towards a more pluralistic and open Palestinian society.	
<b>Development Engagements</b>	<b>Outcome</b>
3.1 Independent Commission for Human Rights (ICHR)	The Independent Commission for Human Rights is able to a) influence policies and practices of duty bearers so that they better comply with HR/IHL commitments and good governance standards, b) raise the human rights awareness of rights holders so that they take action and claim their rights and c) provide accessible HR information to the international community.
3.2 The State Audit and Administrative Control Bureau (SAACB)	SAACB's role as an independent external auditor in Palestine is strengthened and the Bureau is capable of undertaking audits of public funds in compliance with INTOSAI standards.
3.3 HR/IHL Secretariat	Supported CSOs and Networks, representing rights holders, are able to play a coordinated, strategic and professional role and engage strategically in advocacy and policy dialogue on human rights/humanitarian law application and in social accountability monitoring.
3.4 Danish House in Palestine	Palestinian and Danish social and cultural practitioners and journalists exchange experience and knowledge. Scaling up encounters centred on fostering cultural awareness and understanding between Palestinians and Danes.

A full outline of the results framework, including indicators and targets at objective, outcome and output level can be found in Annex C. Moreover, the descriptions of the Thematic Programmes and their Development Engagements in the below chapters 3 to 5 include elaborated outlines of the Results Frameworks at TP level.

### Alignment with the Palestinian National Development Plan 2014-2016

The PA's 'National Development Plan 2014 – 2016. State Building to Sovereignty' (NDP) forms the national policy basis against which the PCP and its TPs are aligned. Currently a National Policy Agenda 2017-2022 is under preparation emphasising "Path to Independence, Governance Reform and Sustainable Development". It will be an overall strategy, but built on sector priorities. The NDP defines four Strategic Objectives (SO), one for each of the four NDP sectors, and the PCP addresses all the four objectives, as illustrated in the below table 2.

Table 4: Alignment with the Palestinian National Development Plan 2014-2016

National Development Plan. Strategic Objectives (SO)	NDP Strategic Approach	Danish TPs which address the Strategic objectives
NDP SO 1: Economic development	Establish more robust foundations for an independent, equitable and sustainable national economy, which materialises sustainable development, provides decent	TP2 and its two Development Engagements promote small scale agricultural production,

and employment.	employment opportunities to citizens and enhance their productivity.	thus creating employment opportunities for both men and women.
NDP SO 2: Good governance and Institution Building	Institution building on the grounds of respect of human rights, fundamental freedoms and citizenship rights. In addition to effective and efficient national and sub-national governments that are capable of high-quality, proficient public service delivery, the strategic approach ensures public participation and a decentralised approach to decision-making and public accountability processes.	TP1 and its support to municipal development and good local governance. TP3 and its support to independent checks and balances mechanisms as well as right holders' ability to hold government institutions accountable.
NDP SO 3: Social protection and development	Continue to provide sustainable, high-quality rights-based and gender-sensitive social services, contributing to maintaining social justice between social groups and areas. These will provide protection and empowerment to children, women, young people, the elderly and people with disabilities in a society governed by a pluralistic, innovative national culture, which safeguards its heritage and preserves its social cohesion and solidarity.	TP1 and its support for enhanced administrative practices and citizen engagements with strong focus on women, youth and marginalised groups. TP3 supports capacity building of rights holders, women, men and youth, to engage in social accountability processes.
NDP SO 4: Infrastructure	A sustainable, equitable Palestinian infrastructure, which contributes to promoting economic development, independence, social justice and connectivity within Palestine and the outside world.	TP1 support for infrastructure in 138 municipalities and specific support to infrastructure development in Area C of the West Bank.

Thus, the PCP is closely aligned with the policy goals of the Palestinian Authorities and will be carried out in close cooperation with representatives from the PA: Ministry of Local Government, Ministry of Agriculture and two key independent accountability institutions, ICHR and SAACB.

#### **Inter linkages with Danish foreign policy instruments**

As mentioned above, the Danish Policy Paper, *Denmark – Palestine: Country Policy Paper 2016-2020*, stresses that a close coordination between the political and developmental tools is required, as development cooperation alone will not solve the current crises and secure a peaceful solution to the Palestinian-Israeli conflict. Hence, the Policy Paper outlines a number of political objectives, which Denmark will pursue through its bilateral relations, including the regular policy dialogues with Palestine and Israel respectively, as well as through relevant multilateral instruments, especially the EU and the UN. Among these political objectives – which will interlink closely with the developmental efforts of the PCP - are:

- The implementation and enforcement of all relevant UN and EU treaties, obligations, rules, principles and guidelines pertaining to the situation, including the EU Guidelines on International Humanitarian Law.
- Maintaining the viability of a Palestinian State, based on the pre-1967 borders and preserving the viability of Jerusalem's final status as the capital of two states.
- A full and effective implementation of existing European Union legislation and national arrangements applicable to settlement products.
- A long-term solution to the unsustainable situation in the Gaza Strip leading to the lifting of the blockade while ending the threat to Israel posed by Hamas and other militant groups in Gaza.
- Improved Palestinian access to and development of Area C in accordance with the EU Foreign Affairs Council Conclusions of May 2012.



Moreover, the Danish engagement in the PCP is reinforced by other Danish channels of support. This encompasses **the humanitarian support to the Palestinian refugees through UNRWA** by contributing to building and maintenance of human capital, thus ultimately contributing to state building. Moreover, Denmark provides support through the **Framework Agreements with Danish NGOs active in Palestine** that primarily focus on vulnerable groups, irrespective of refugee status or not, including Bedouins, women's groups, children and people traumatized by conflict, which provide synergy to the interventions of the PCP.

Denmark's support to Palestine reflects - and is fully aligned with - the key Danish policy documents and guidelines, including the Strategy for Development and Humanitarian Assistance, the HRBA guidelines, Danish policy relating to fragile states, *Integrated Stabilisation Engagement in Fragile and Conflict-Affected Areas of the World* (2013) and *Strategic Framework for Gender Equality, Rights and Diversity in Danish Development Cooperation* (2014), amongst others.

## 2.6 Aid effectiveness and donor harmonisation

Palestine is one of the largest recipients of donor aid in the world. Hence, the issues of aid effectiveness and donor harmonisation and alignment are of utmost importance. In 2014 Denmark commissioned a mapping of donor interventions<sup>3</sup>, which revealed that there still exist a huge number of independent bilateral projects and programmes - although the trend is towards greater harmonisation and alignment in line with aid effectiveness principles.

Donor coordination is supported by the Local Aid Coordination Secretariat (LACS), which assists the various sector working groups. Denmark is lead donor for the Municipal Development and Local Governance Sub-Group, and co-chairs the group together with MoLG. It is an explicit target of the TP1 on 'Supporting State Building Efforts' to further donor coordination and alignment in the Municipal Sector and to reduce the number of funding mechanisms to channel ODA support to the sector. Moreover, seven out of eight Development Engagements are – as mentioned above - co-funding of programmes implemented by multilateral donors (the EU, the UN and the World Bank) or programmes based on joint donor funding arrangements.

## 2.7 HRBA

The four HRBA principles of non-discrimination, participation and inclusion, transparency, and accountability provide a coherent underpinning for the PCP and are reflected in its three Thematic Programmes (TPs) and their Development Engagements. This is the case in TP3, which focuses on human rights and democratic accountability, but also TP1, which aims at strengthening municipalities' ability to provide services and engage with citizens, as well as TP2, which aims at enhancing employment and are targeting small scale farmers, including female farmers. The HRBA principles are also well reflected in the Palestinian National Development Plan and its strategic objectives. The HRBA and gender screening note in Annex I elaborates on how the TPs and their Development Engagements adhere to the HRBA principles. Key points are compiled below:

**Participation & Inclusion:** Under TP1, the support mechanism aims at strengthening the municipalities' capacity and willingness to enhance community participation. In the donor consortium, Denmark will work for a strengthened focus on citizens' engagement, especially women and youth at the local government level. In TP2 Oxfam and FAO will continue working with partners and beneficiaries to build bonds of trust to enabling joint decision making, ownership and sharing of

---

<sup>3</sup> 'Context analysis and mapping ongoing and coming sector development initiatives: The Palestinian state-building and citizens' rights pillar. Final Report'. DRO, 18 April 2014.

responsibilities. Under TP3 the HR engagements actively promotes a greater role for civil society in mobilising rights holders to claim their rights and engage in social accountability monitoring and policy dialogue. ICHR has a specific mandate to promote participation and inclusion of marginalised groups. Through a number of activities, DHIP promotes greater community participation and inclusion of young women and men in the cultural life in Palestine.

**Transparency:** TP1 ensures greater transparency in the allocation of grants for municipal development through a performance-based incentives mechanism. Under TP3 both the ICHR and the HR civil society engagement focus on monitoring human rights and good governance practices in Palestine, and continue to advocate for greater transparency from the PA and the *de facto* Hamas government in Gaza. SAACB, through making its audits public and by increasing the scope of its monitoring, will equally contribute to increased transparency.

**Non-discrimination:** TP1 strengthens incentives to secure greater community participation for all citizens. The TP2 approach specifically targets women and youth as agricultural producers and entrepreneurs. TP3 support to ICHR and human rights CSOs give priority to efforts aimed at promoting a human rights-based culture in Palestine, with a particular emphasis on the rights of marginalised groups. This includes providing training to government officials concerning the rights of these groups, undertaking reviews of existing legislation to strengthen protection for marginalised groups, and enhancing the effectiveness of judicial interventions aimed at upholding their rights.

**Accountability:** TP1 helps to improve the responsiveness and efficiency of local government and leads to better service delivery as well as compliance to human rights obligations towards its citizens. Specific social accountability measures within TP1 are linked to the efforts under TP3 to mobilise and empower rights holders to engage in monitoring and dialogue. At the same time TP3 support for SAACB will enhance accountability in the public sector.

**Gender:** The PCP includes targeted gender equality interventions as well as gender mainstreaming in the cases where tangible effects can be achieved. Thus, in TP1 gender is mainstreamed and the programme aims at strengthening active participation of women as well as men in planning and decision-making in Palestinian municipalities and applying gender disaggregated data in reporting and monitoring. In the TP2 barriers and opportunities for women's empowerment have been identified, and the two engagements include both gender mainstreaming and targeted gender equality interventions, including youth. The latter comprises both women entrepreneurs at the higher end of the value chain, and youth at all levels of the value chain. In TP3, gender equality and women's rights are both a cross cutting issue and a goal in itself. ICHR and HR CSOs actively work to empower women and youth in processes and programmes.

Finally, the **Responsibility to Protect (R2P)** is relevant in Palestine, where the authorities are unable to protect people against breaches of IHL. The PCP addresses R2P, through i) preventive measures such as the support to Palestinians to remain in and make use of land in Area C (TP1 and TP2); ii) through strengthening ICHR and its efforts to monitor and build capacity of the Palestinian Authorities to respond to and report on HR/IHL violations (TP3); and iii) through support to CSOs that monitor, document and report on compliance to HR/IHL by both Israel and Palestine (TP3).

## 2.8 Risks

In general, the political/security context is – as outlined above - considered to be volatile and unpredictable. Contextual risks are therefore assessed to be relatively high and will improve or deteriorate according to the interaction between political, social, security and economic developments, including peace negotiations and related initiatives as well as the intra-Palestinian political divide, not least between Fatah and Hamas. Thus, the risk of continued lack of progress on the peace talks and lack of reconciliation between Fatah and Hamas has negative effects for security, restrictions on movement and access, economic growth, service delivery and corruption. In short,

the most likely scenario, and the one on which the PCP is based, foresees a situation where only modest progress – with periodic set-backs – will take place.

Key contextual risks are:

- *Continued conflict between Israel and Palestine.* A continued state of tensions and a stalled peace process is seen as likely. The continued Israeli settlement constructions undermine the prospects for establishing a viable and contiguous Palestinian state, which together with the several rounds of unsuccessful negotiations has caused widespread public frustration among the Palestinian population. This could also spark renewed open conflict and popular uprising. Likewise, rockets attacks from Gaza might result in Israeli reprisals and escalation of the conflict. In addition, regional developments – not least the war in Syria, the coalition and war against ISIL, and the refugee crisis – might have spill-over effects. The growth of religiously-based extremist groups in the region is also a challenge for the secular PA in Ramallah, as such groups use the continued Israel-Palestine conflict as part of their propaganda. Hence, the PCP needs to ensure implementation modalities are able to function with a high degree of political stability.
- *Intra-Palestinian divide and political rivalry.* The reconciliation efforts carried out during recent years have had little effect and internal political rivalry could escalate further. A worsening of the situation characterized by lack of political leadership, including a clear Palestinian policy, and potential social unrest could have negative consequences for the outcome of the PCP and the sustainability of its engagements.
- *Weak human rights protection.* Despite PA's accession to a large number of international human rights treaties, the domestic protection of citizens is weak, both in terms of legislation and in terms of administrative practices. It will take years for Palestine to translate the international treaties into national legislation and to change administrative practices. In light of the stalled peace negotiations and internal political rivalry, the possibility of heightened tensions, human rights violations are therefore likely to continue.

Key Programmatic and institutional risks are:

- *Deteriorating operational conditions in Gaza.* Due to the blockade and the *de facto* government of Hamas the situation in Gaza continues to deteriorate and create difficult conditions for both Palestinians as well as developmental and humanitarian actors. The Municipal Development Programme, however, has demonstrated its ability to continue its operations and the Oxfam-led Economic Development Engagement has also proven to be resilient. However, an armed conflict as the one in 2014 might disrupt partly or wholly programme implementation.
- *Inadequate commitment and ownership of PA causing failure to sustain results.* Increased aid effectiveness and long term sustainability of reform activities rest on national leadership. While some gains have been made in terms of strengthening PA oversight and coordination, significant gaps remain. The effect is assessed to be minor in relation to achievement of short term outputs and outcomes. However, the long term sustainability of the results, in terms of creating a new legal framework for the local government sector and institutionalizing new practices in the agricultural sector as regards to extension services, might not be achieved.
- *Weakness in management and monitoring of joint donor mechanisms.* Insufficient oversight and monitoring within donor consortiums, and, not least, internal disagreements and lack of focus and joint approaches might undermine the effectiveness of joint donor mechanisms. Strengthening third party monitoring will help to overcome some of these challenges.

A Risk Management Matrix is included in Annex E. The matrix outlines risk management responses and includes additional programmatic and institutional risks. Likewise, specific programmatic and institutional risks at TP level are identified in the TP descriptions in the below Chapter 3 to 5 and the Development Engagements Documents include descriptions of necessary risk management measures.

## 2.9 Budget Allocations

Table 5 summarises the budget at thematic programme level, while a detailed budget is presented in Annex D.

Table 5: PCP budget 2016 – 2020 (DKK million)

	TOTAL
TP1 Supporting State Building Efforts	160
TP2 Promoting Economic Development	150
TP3 Strengthening Human Rights and Democratic Accountability	110
Programme Coordinator	2
TA, reviews and studies.	8
Unallocated funds	15
<b>Country Programme Total</b>	<b>445</b>

## 3. Thematic Programme 1 (TP1): Supporting State Building Efforts

Development Engagement title	Years	DKK Million
Municipal Development Programme and Local Government Reform	2017-20	140
Development in Area C of the West Bank.	2018-20	14
Local Government Advisor,	2017-20	4
Short term TA and third party monitoring and financial inspection	2017-20	2
Subtotal Thematic Programme 1		160

### 3.1 Justification

TP1 will contribute to the consolidation of effective, legitimate and resilient local government institutions and processes that serve the entire population, and help support a Palestinian presence in Area C consistent with the two-state solution.

TP1 addresses three out of the four Strategic Objectives of the Palestinian National Development Plan, namely SO 1) good governance; SO 2) institution building; and SO4) infrastructure. With regard to good governance and institution building, the TP1 specifically addresses the following sector-goals:

- *More effective, efficient and transparent management and allocation of public finances;*
- *Local government units (LGUs) throughout West Bank and Gaza are more capable of a better public service delivery;*

- *More effective delivery of, and equitable access to, public services;*<sup>4</sup>

TP1 will contribute to these objectives through its support to local level government, with a specific focus on improved municipal management practices for more accountable and financially sustainable service delivery, as well as targeted support to community-selected infrastructure projects in Area C. The main justification for continued engagement in this thematic area:

- As the oldest level of public authority, LGUs form the backbone of public administration in Palestine, and play a crucial role in consolidating current state building efforts.<sup>5</sup> LGUs help extend the geographical footprint of the PCP throughout Palestine, and will be important in all political scenarios.
- LGUs are the level of government that citizens interact with most frequently, offering the highest potential for public participation and social accountability, with provisions made for women and youth, while influencing public perceptions of the PA and its credibility. They are the only level of government which currently offers democratic representation to citizens following the deferral of national elections.
- LGUs provide critical services in the West Bank and Gaza Strip, and can play a central role in enabling local economic development, thus influencing quality of life for Palestinians. Municipalities are facing increasing challenges to provide better services, but continue to face severe constraints, including limited institutional capacity and financial resources.
- Support to the development of land and basic infrastructure in Area C will help support community resilience, preserve a Palestinian presence in Area C, and safeguard a contiguous Palestinian territory in the West Bank, which is essential for the viability of a future Palestinian State.

Finally, TP1 is closely linked with TP3 on *Strengthening Human Rights and Democratic Accountability*, which addresses the issue of engaging citizens in social accountability, monitoring and dialogue at the local government level, and complements TP2, which helps safeguard farmers' access to and cultivation of arable land in Area C.

### **3.2 Integration of experience and results from previous cooperation**

In 2014 and 2015 the Danish Ministry of Foreign Affairs carried out an evaluation of the Danish engagement in Palestine, which paid special attention to Danish support for local government and civil society/human rights. The evaluation reports states:

*“Clear progress was made in strengthening local government with a focus on improved provision of services to citizens”.*<sup>6</sup>

The report also identified areas, where challenges were faced:

*“... some specific desired outcomes were not achieved. Denmark aimed to contribute to the strengthening of local democracy through effective participation of citizens in decision making processes. Apart from consulting the population in connection with prioritization of local council investments there is limited evidence of significant progress in this area.”*<sup>7</sup>

This observation is echoed in the mid-term review of the MDP II programme, which constitutes the backbone of Danish support to the sector. The evaluation also identified challenges associated with the lack of progress in local government policy reforms, and their impact on development outcomes.

---

<sup>4</sup> NDP, page 51

<sup>5</sup> There are 138 municipalities, all located in Area A and B, whereas village councils are located in Area A, B and C.

<sup>6</sup> *Evaluation of the Danish Engagement in Palestine*, MFA, May 2015, page 12

<sup>7</sup> *Evaluation of the Danish Engagement in Palestine*, MFA, May 2015, page 13

The TP1 will attempt to address these two shortcomings by impacting the design of the future municipal development programme.

### 3.3 Summary of Development Engagements

This section includes short descriptions of the two Development Engagements within TP1. Outcome and targets are outlined in the below section 3.5.

#### 3.3.1 The Municipal Development Programme and Local Government Reform

This Development Engagement, which provides support for the third phase of the Municipal Development Programme (MDP III), builds on MDP I and II and aims at improving municipal governance processes and practices for more accountable and financially sustainable service delivery and providing critical infrastructure to the 138 Palestinian municipalities.

In 2005, the semi-governmental Municipal Development and Lending Fund (MDLF) was established by the Council of Ministers to provide an efficient and reliable mechanism to channel financing and address capacity building of municipalities. Four years later, in 2009, the Municipal Development Programme (MDP) I (2009-2013) was developed with the support from several donors, including Denmark and the World Bank, to strengthen local government for greater fiscal and administrative autonomy, followed by MDP II (2014-2016). The Programme is being implemented by the MDLF, a critical facet to ensure that institutional and technical capacity are established in Palestinian institutions to perpetuate national ownership. Both appropriations, MDP I (2009-2013) and MDP II (2014-2016) have been funded for a total DKK 223 million to date. The Danish funds are channelled via the World Bank Partnership for Infrastructure Development Multi-Donor Trust Fund (PID-MDTF), which is complemented by several bilateral donor contributions to MDP through MDLF.

The third phase of the programme is presently being prepared and will start mid-2017. Support will be provided to all municipalities serving a total population of approximately 4.65 million of whom approximately 49 per cent are female. The MDP III will consist of 4 components that loosely follow past iterations of the programme:

- **Component 1: A performance-based Grants Allocation Mechanism (GAM):** The 'Regular Capital Investment Grants' based on revised allocation formula – that is, weighting given to municipalities' population, needs and performance respectively – and strengthened Key Performance Indicators that focus on improving performance, accountability and financial sustainability;
- **Component 2: Innovative Financing:** In addition to funding for innovative pilots, this component provides 'top-up' financing and technical support for both joint investments with a development impact beyond single municipalities, and investments with a specific environmental and social impact. Both are to be defined further, but will have a strong analytical basis and planning. This component will also facilitate the provision of emergency funding;
- **Component 3: Capacity development packages** that focus on improving financial performance and service quality that are directly linked to component 1 and its GAM;
- **Component 4: Institutional Development** focused on providing capacity development for MDLF and other central-level institutions to support municipalities, but also to prepare MDLF for its role as a financial intermediary.

**Improvement of the development impact of MDP.** The duration of MDP III will be 4 years comprising two bi-annual cycles. This will provide municipalities with larger grants and more time to implement priority infrastructure sub-projects. Joint projects will also be encouraged to scale up interventions, complemented by capacity building packages that will include a greater focus on efficient planning practices.

**Social Accountability.** The social accountability dimension of MDP III will be strengthened, as well as the planning frameworks and procedures used to produce municipal ‘Strategic Development and Investment Plans’ (SDIP). Citizen inclusion will also play a more prominent role, including introducing more robust mechanisms in the production and monitoring of SDIPs’ implementation, and assisting municipalities mainstream social accountability processes, supported by the World Bank’s new corporate policies on citizen engagement and gender. Another facet of MDP III is a stronger focus on gender. Under MDP III, gender will be further mainstreamed as a key cross-cutting issue in alignment with the Palestinian Law on Local Council Elections, which guarantees that women hold 20% of seats in local bodies.

In the negotiations over the final design of MDP III, Denmark will moreover – based on the lessons learned as outlined in the above-mentioned Danish evaluation and MDP reviews – give attention to the following:

**MDP III should serve as a platform for strengthened policy reforms** focused on fiscal sustainability, improved accountability and more efficient municipal planning, thus addressing some of the key challenges in the sector: (i) Fiscal viability of LGUs: a key sector priority and crucial to the sustainability of MDP that requires a multi-pronged approach, including further improvements in municipal financial management and planning, as well as collection efficiency and revenue generation, reinforced by fiscal reforms at the national level, and (ii) Municipal strategic planning: fundamental for improved planning for infrastructure investments with a focus on greater alignment between SDIPs and masterplans, and joint planning between LGUs.

**Long Term Advisor to MoLG:** To help strengthening the policy reform focus of MDPIII, Denmark as lead donor will fund a **long-term advisor to the MoLG**, who will support the use to the MDP as a platform for evidenced based policy dialogue and support to strengthening donor coordination in the above reform areas, with additional responsibilities, including strengthening bilateral and multilateral relations with sector actors as well as preparing technical and policy papers for the DRO.

### **3.3.2 Development of Area C in the West Bank**

This Development Engagement aims at supporting the construction of basic infrastructure, including community-based projects as well as small scale and social infrastructure development in Area C of the West Bank and will co-fund a second phase of a project initiated by the EU in 2013/14. The Engagement is in response to EU Foreign Affairs Council Conclusions of May 2012.

Following the 1993 Oslo Accords and the 1995 Interim Agreements between Israel and the PLO, the West Bank was divided into three zones, A, B and C. While some control was given to the Palestinian Authority (PA) in Areas A and B, Israel maintained full security control, and control over building and planning in Area C. Area C constitutes over 60 per cent of the West Bank, and contains the most significant land reserves available for Palestinian development identifying the bulk of Palestinian agricultural and grazing land. It is also home to over 200 Palestinian communities, many of whom are disadvantaged being herding and Beduin communities. Israel strictly limits Palestinian construction and development in this area, and gravely prohibits Palestinians from building on some 70% of Area C by declaring such areas as state land, firing zones, national parks, etc. which combined with other restrictions leave only 1% of Area C for Palestinian spatial development.

The Palestinian Authority (PA) wants to counteract the above pressures on the Palestinian people living in Area C and enable them to sustain their livelihood there, thereby maintaining a Palestinian presence on the ground. This is in line EU Foreign Council Conclusions from May 2012. Thus, a new approach for implementing projects in Area C has been applied by the EU based on the development of local statutory outline plans, the so-called master plans, which are based on Israeli legislation.

These plans are formulated through a socially inclusive and participatory process in which the PA (with the support of the EU) has assisted Palestinian communities in Area C in identifying local community priorities and needs over the next 20 years. These plans are then submitted to the Israeli Civil Administration (ICA), and complemented with detailed planning packages for roads, water and wastewater networks. By March 2016, eight plans were under implementation out of the 108 plans targeting 116 localities that were originally prepared, but only three plans had received full authorization by the ICA. With approvals pending often for several years, the EU and PA have agreed that a local statutory outline plan will be considered as tacitly approved, if no major objection has been raised by the ICA within 18 months following the submission of the plan, meaning that implementation of infrastructure projects from the plan may take place. By March 2016, 51 plans have been under approval process for more than 18 months.

The present Development Engagement will continue the support to the implementation of sub-projects located within village councils of Area C. Sub-projects will be selected from the local statutory outline plans based on pre-determined, objective criteria, with a focus on covering the basic services for the target communities such as rehabilitation/construction of water networks, roads construction and rehabilitation, building schools/ adding classrooms and improving electricity services.

### Area C Donor Consortium

Integral to Denmark's support to Area C that is being channelled through the EU, is support to an existing donor consortium, originally set up to be a joint humanitarian intervention<sup>8</sup>, managed by the Norwegian Refugee Council (NRC)<sup>9</sup> to safeguard the presence of Palestinian communities in Area C. This Consortium, consisting of the EU and several member states has been established to address the blocking of development efforts and demolition/ confiscation orders by the Israeli authorities, if and when these affect EU and MS-funded projects. Through this Consortium, Denmark will be able to more collectively support and advocate, with other donors development efforts in area C for providing basic infrastructure and other services to the marginalized Palestinian communities. This platform will also serve as a support mechanism across the PCP in respect to TP2 and TP3 from an economic development and human rights perspective. It will ultimately seek to systematically address challenges and where possible identify synergy across and within all thematic programme areas relevant to the activities carried out in area C.

### 3.4 Theory of Change for TP1

The overall thematic Programme objective of the TP1 is: *Effective, legitimate and resilient local government institutions serving Palestinians in WBG, and ensure a continued Palestinian presence in Area C of the West Bank.*

The basic theory of change is that:

**if** TP1 utilises performance-based grants to fund municipal infrastructure; supports municipalities with targeted capacity building packages; and improves donor harmonization and alignment; as well as grant support in Area C for improving access to services and basic infrastructure;

**then** municipalities will become more fiscally sustainable and accountable, and better able to fulfil their mandated functions; citizens will enjoy improved access to services and essential infrastructure; and local communities will be better able and more willing to remain in Area C.

**because:** capacity building and grant-based incentives will improve municipal management practices and better equip municipalities to budget for local service delivery, and will also facilitate

---

<sup>8</sup> The Consortium will remain guided by the humanitarian imperative and governed by IHL and International Humanitarian Rights Law, with the aim of providing assistance and protection to vulnerable Palestinian populations on their current place of living.

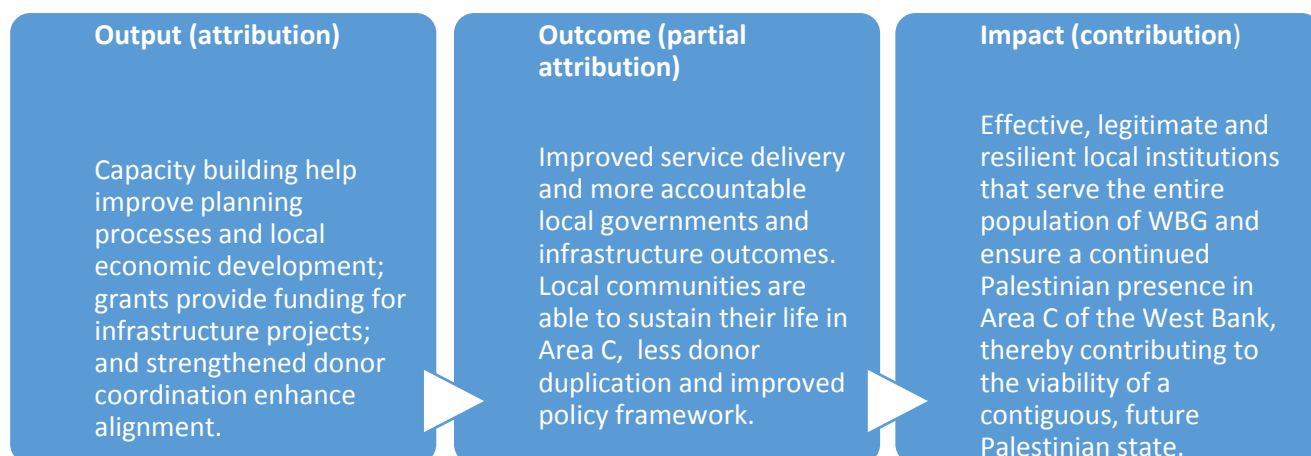
<sup>9</sup> NRC provides legal aid to Palestinian communities to formally counter demolition and confiscation orders by Israeli authorities



community participation and social accountability for improved local services and infrastructure investments to become more responsive to community priorities; improved donor alignment and harmonisation will increase aid effectiveness, as well as strengthen policy dialogue with the PA and jointly address Israeli impediments; while basic services and infrastructure funded under the Area C engagement, identified through participatory planning, meet the needs of targeted communities.

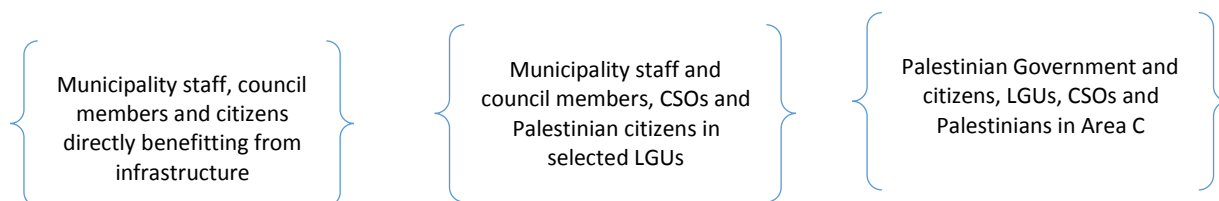
This logic is illustrated in the figure below:

**RESULT CHAIN:**



**Beneficiaries:**

U



Underpinning this theory of change are a number of assumptions:

- The PA remains committed to decentralization and develops a comprehensive, nationally owned development plan and sub-plans to this effect that takes the diversity between LGUs in terms of size capacities etc. into account thus providing a sufficient basis for alignment.
- Citizens will continue to be willing to engage even if conflicts threaten to paralyse central government and effect the well-functioning of the LGUs.
- Demolitions by Israeli Authorities in Area C of the West Bank will not reach a level which impedes the continuation of the activities.

**3.5 Indicative results framework**

The table below shows the expected impacts and outcomes of TP1. The outcomes, baselines and indicators at the engagement level are based on preliminary consultations with partners and programme documents for the present phases of the engagements and will be adjusted/amended according to the final programme documents for the future engagements.

Table 6: TP1 results at impact and outcome levels

<b>Thematic Programme</b>		<b>State Building and Good Governance</b>	
<b>Thematic Programme Objective</b>		Effective, legitimate and resilient local government institutions serving Palestinians in WBG, and ensuring a continued Palestinian presence in Area C of the West Bank.	
<b>Impact indicator A.1</b>		Improved local government institutions and processes that better fulfil their mandate based on good governance and human rights standards of accountability, transparency, participation and non-discrimination.	
<b>Impact indicator A.2</b>		The status quo of land for Palestinians in Area C is not deteriorating.	
<b>Engagement Title 1</b>		<b>Municipal Development Programme and Local Government Reform</b>	
<b>Outcome A.1</b>		Municipalities are more fiscally sustainable and accountable, and better able to fulfil their mandated functions; so citizens will enjoy improved access to services and essential infrastructure.	
<b>Baseline</b>	Year	2017	138 municipalities have initiated a process of improving administrative practices and social accountability according to 16 standardized criteria and have planned and implemented infrastructure based on funding from the performance-based grant. Still poor collection efficiency regarding licenses, permits and other fees in municipalities.  Weak policy framework of the local government sector undermines fiscal sustainability, coherent planning, the viability of LGU's as well as weakens donor alignment and coordination.
<b>Target</b>	Year	2020	xx% of the municipalities have improved administrative practices and collection efficiency and enhanced social accountability processes (from the level reached in the 2017) and enhanced citizen engagement (of both men and women) according to agreed criteria.  Strengthened policy frameworks through improved technical support to MoLG and enhanced donor coordination and alignment.
<b>Engagement Title 2</b>		<b>Development of Area C in the West Bank</b>	
<b>Outcome A.2</b>		Local communities are better able to sustain their livelihoods in Area C through improved access to basic services and infrastructure.	
<b>Baseline</b>	Year	2017	Social and economic living conditions of approx. 240 Palestinian communities living in Area C are threatened by lack of access to basic infrastructure such as water networks, roads, schools/kindergartens and space for public institutions.
<b>Target</b>	Year	2020	xx# of Palestinian communities in Area C of the West Bank have benefited from community development projects, small scale infrastructure and social infrastructure projects.

### 3.6 Summary of risk analysis

Contextual risks for the PCP as a whole are outlined in the above section 2.8. A full risk management matrix including mitigation measures are available in Annex E. For TP1 a deteriorating security situation, lack of government reforms, intra-Palestinian rivalry and lack of institutional capacity are all considered risks with a moderate to high probability of occurring. Most likely, however, implementation can be continued in a majority of LGUs, even if the security situation deteriorates.

Reform paralysis could weaken programme outcomes, and will negatively impact the long term sustainability of results and the sector as a whole, while interventions in Area C also carries the added risk of demolitions by Israeli authorities in Area C and/or destruction of infrastructure by Israeli settlers.

## 4. Thematic Programme 2 (TP2): Promoting Economic Development

Development Engagement title	Years	DKK Million
FAO: Reform and Development of Markets, Value Chains and Producers' Organizations	2017-20	104
Oxfam: Integrated Market Development Programme across the occupied Palestinian territory (Phase III)	2017-20	40
FAO technical advisor and third party monitoring	2017-20	6
Subtotal Thematic Programme 2		150

### 4.1 Justification

TP2 aims to develop more productive and efficient small and medium scale agribusinesses hereby increasing agricultural sector contribution to GDP and employment in Palestine. The two Development Engagements will provide support to selected value chains, including high value fruits, vegetables, herbs, cereals, legumes and dairy.

The Thematic Programme addresses the National Development Plan 2014-2016 strategic objective relating to investment for employment creation, balanced economic development and improved competitiveness as well as to entrepreneurship among women and youth. The support is also aligned to the Palestinian Authority's first National Export Strategy 2014-2018, which targets agriculture as a sector with increased export potential. It is closely aligned to the four strategic objectives of the National Agriculture Sector Strategy 2014-2016:

- Ensure farmers' resilience and attachment to their land, while fulfilling the contribution of the agriculture sector in providing the requirements for development of the State of Palestine;
- Efficient and sustainable management of natural resources;
- Enhanced agricultural production, productivity and competitiveness, as well as enhanced contribution of agriculture to food security;
- Effective and efficient capacities, institutional frameworks, legal environment, infrastructure and agricultural services within the agriculture sector.

The following factors provide the justification for engagement in this thematic area:

- Denmark has been requested by the Palestinian Authority to support economic development and job creation. Agriculture is a sector with untapped potential, presenting opportunities for growth, improvement of incomes and employment among Palestinians. Although agriculture provides only a modest contribution to Palestinian GDP, 3.3% in 2015, from the perspective of employment and trade it is an important sector. In 2014, agri-food products accounted for 21% of total exports<sup>10</sup> and in 2015, the sector provided jobs for 8.7%

<sup>10</sup> Palestinian Ministry of Agriculture, 2014. National Agriculture Sector Strategy 2014–2016.

of the total population<sup>11</sup>. The broader agribusiness sector represents the largest share of GDP produced in sectors exposed to foreign competition, and the expanding food processing sub-sector currently contributes 24% to the industrial production value. Agriculture in Palestine is fragmented, characterized by small holdings, with 85% of holdings smaller than 20 dunums, or 2 hectares. The household is the main production unit and agriculture accounts for up to 90% of all informal employment.

- Palestinian agricultural productivity is low compared to its regional neighbours due to, among other factors, outdated irrigation systems and inflated costs of and Israeli restrictions on inputs. Part of the low productivity is related to technical, organizational and managerial factors, which are under Palestinian control, such as deficiencies in research, availability of improved seeds, seedlings and livestock breeds, plant protection, veterinary services, and marketing, financing and post-harvest services. Higher efficiencies in these areas could improve the productivity and profitability of agriculture even under current circumstances of occupation<sup>12</sup>.
- The agricultural sector plays a significant role in safeguarding the rights and entitlements of Palestinians to land and natural resources under occupation. The constraints in access to land are severe in Area C, which makes up about 60 per cent of the West Bank, and where Palestinian authorities have no control over land, and in some areas in the Gaza Strip, where agricultural land has been damaged due to the conflict or where land use is restricted by the Israeli authorities.
- Denmark joins multi-donor funding agreements to support FAO and Oxfam's strategic programmes in close partnership with the Ministry of Agriculture, facilitating alignment, harmonisation, aid-effectiveness and efficiency.
- Promoting economic development is an objective of Denmark's Strategy for Development Cooperation and Humanitarian Assistance and the Palestine Country Policy Paper 2016-2020. Denmark has extensive experience in the agriculture sector which can be applied in the technical and policy dialogue on these development engagements.

Finally, TP2 complements the effort in TP1 to support citizens in Area C to remain on their land through funding of small scale infrastructure and social infrastructure projects.

## **4.2 Integration of experience and results from previous cooperation**

DRO will apply the experiences gained from almost 15 years of Danish support to the agricultural sector through the regional MERAP programme and collaboration with the Ministry of Agriculture, especially in relation to knowledge transfer, capacity building and quality of extension services. A recent evaluation of the MERAP programme underlines opportunities in high value crops and the need to work with the entire value chain.

FAO's mid-term evaluation of their current triennial Programmatic Framework recommends increased focus on community involvement, including facilitating farmers' understanding of the mechanisms of working with the upper ends of the value chain and the consequent challenges for them as producers.

Oxfam have achieved good results with small-scale farmers and dairy producers, especially through the 'Making Spaces' and other pro-poor and context-related methodologies, which will be carried into the third phase of the Oxfam programme. Oxfam highlights the geographical fragmentation of the Palestinian market, into the West Bank, East Jerusalem and Gaza, and the necessity to stimulate these domestic markets independently. A combination of a market systems development approach with a local economic development focus allows for more localized solutions.

---

<sup>11</sup> National Labour Force Survey, 2015, table 22.

<sup>12</sup> UNCTAD: The Besieged Palestinian Agricultural Sector, New York/Geneva 2015.

### **4.3 Summary of Development Engagements**

This section includes short descriptions of the two Development Engagements within the TP2. Outcome and targets for the Developments Engagement are outlined in the below section 4.5.

#### **4.3.1: Enhancing sustainable economic growth through agricultural value chain development. FAO.**

This Development Engagement aims to sustainably improve income and labour productivity in small and medium scale agribusinesses in the West Bank and Gaza by adopting an integrated value chain approach, which emphasizes the promotion of more market-oriented, competitive and profitable agribusinesses. This approach targets farmers, agribusinesses and other actors at all stages of selected agricultural value chains, from pre-production to marketing.

The programme will support actors in pre-production and production, such as input suppliers, service providers, farmers and cooperatives, with training and co-investments, to increase productivity and exploit market opportunities. Farmers, cooperatives and processors will be supported with training and co-investments to improve post-harvest value addition. Market infrastructure and marketing capacity will be supported with co-investments and capacity building to improve competitiveness and market access, while it is estimated that promotion of quality standard branding will increase domestic demand. The programme will promote an improved enabling environment with effective policies, institutions and services through policy dialogue engagement, development of standards and strengthening of technical capacity.

To achieve these results, Denmark and other donors, the EU, the Netherlands and Switzerland, will provide joint financing to FAO's comprehensive programmatic framework. FAO is the Technical Advisor of the Palestinian agricultural sector and lead of the Food Security Cluster in Palestine. The Ministry of Agriculture is the main government partner for this private sector Development Engagement, which is closely linked to the National Strategy for Agriculture 2014-16. Denmark will also participate in the general coordination in the sector, through a number of working groups such as the Agricultural Sector Working Group, and the Private Sector Working Group.

It is expected that by the end of the programme, agribusinesses will have transitioned to producing high value crops and agricultural products in the West Bank and Gaza that are adapted to market demand. They will increasingly be using locally sourced, affordable and good quality agricultural inputs. They will have improved productivity and quality. The involvement of the International Trade Centre (ITC) will facilitate the linking of producers with buyers, traders and retailers in the export market. The longer term aim is that small and medium agribusinesses will increasingly contribute to sustainable and equitable economic growth and improved employment opportunities for Palestinian people.

Following the Danish policy of seconding Danish experts to multilateral organisations under bilateral country programmes it has been agreed that Denmark will provide funding for a FAO advisor to be stationed at the FAO office in East Jerusalem. Terms of reference for this position have been discussed with FAO and are included in Annex L.

#### **4.3.2: Integrated Market Development Programme (Phase III). Oxfam.**

The aim of the Development Engagement is to contribute to more resilient and equitable agricultural growth, benefiting micro and small-scale women and men farmers and agribusinesses. The Engagement will build upon the successful partnership and experiences, with Danish funding, of phases I and II in Gaza (2011-2017). The actual design of the Development Engagement will be finalized in 2017. It is envisioned that the engagement will be scaled up to a national level with co-financing from other donors.

A market systems approach will engage with key actors at all stages of selected high value fruit and dairy value chains. Support provided will include facilitation, capacity building, brokering, piloting new business models and influencing policy frameworks. The programme will support micro and small-scale producers to access inputs, services, finance and information to improve quality, increase volumes and develop more market-oriented produce. The programme will engage with private sector actors in areas such as agro-processing, leveraging local and international private sector investment, stimulating export readiness and facilitating market linkages. The engagement will build on Oxfam's considerable experience in advocacy work for improvement in the legal and regulatory environment as well as its advocacy work on movement and access of agricultural inputs and products.

It is expected that by the end of the support, there will be better functioning markets, with new business models based on strong micro and small-scale producers, better extension services and a more enabling and inclusive agricultural policy and planning framework, including at the local level.

#### **4.3.3 Synergy and complementarity between the development engagements**

While these two development engagements have several similarities, each partner has key differences in approach and comparative advantages, which contribute to achieving complementarity and cumulative impact towards achievement of the TP2 objective.

FAO will work with a broad range of horticulture value chains while Oxfam will limit their scope to five value chains, including dairy. In order to impact economic growth, employment and productivity, FAO will provide direct support to private sector actors and municipalities with co-investment grants, excluding only the largest agri-businesses. Oxfam has more social support objectives, focussing on women, youth and micro and small-scale producers, with facilitation support rather than direct financial investment.

At the policy dialogue and advocacy level, FAO has a strong link to the Palestinian authorities and is better positioned to influence the regulatory framework and the enabling environment factors that are under Palestinian Authority control. Oxfam, on the other hand, has for many years, successfully facilitated movement of agricultural products both between the West Bank and Gaza and outside of Palestine, through special advocacy work with the Israeli authorities in partnership with local Palestinian and Israelis NGOs.

The two organizations have proposed concrete areas for collaboration, including co-chairing the Value Chains Working Group.

#### **4.4 Theory of change for TP2**

The objective to which the Thematic Programme contributes is: *More productive and efficient small and medium scale agribusinesses and an increased agricultural sector contribution to GDP and employment in Palestine.*

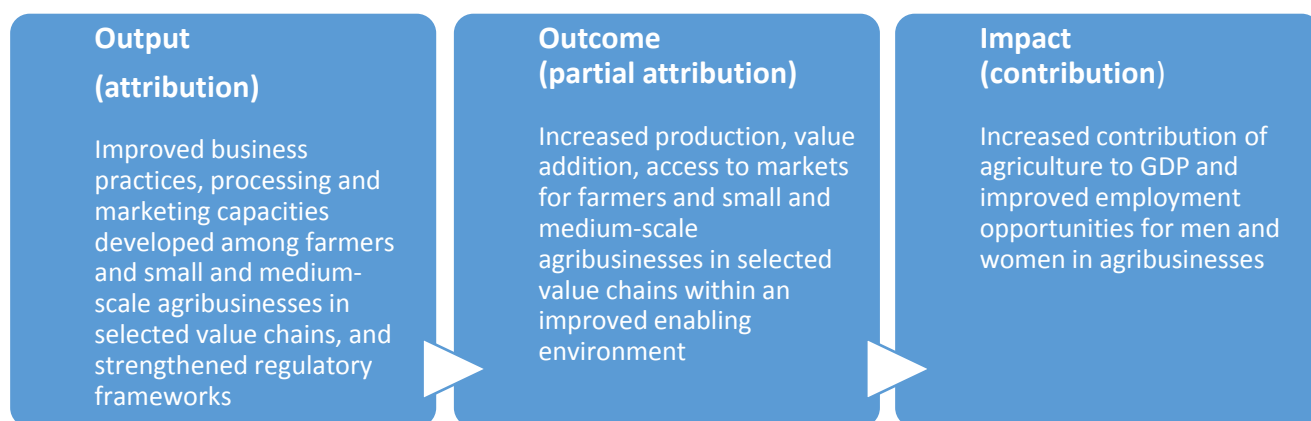
The following represents the theory of change for the Thematic Programme 2:

**If** Denmark, in alignment with MoA policies and drawing on the expertise of FAO, Oxfam and other actors within the agribusiness environment in Palestine, provides funding for integrated and coordinated support to all stages of selected value chains, piloting of new business models targeting small and medium scale producers and engagement with the policy and regulatory institutions,  
**Then** this will contribute to more market oriented, productive, competitive, profitable and resilient agribusinesses, capturing a larger share of the local and external markets, with improved income and employment in the agriculture sector and increasingly contributing to sustainable economic growth  
**Because:** these measures will facilitate improved technical support, better extension and training services, access to finance, business practices, quality, value-addition and profit margins, as well as

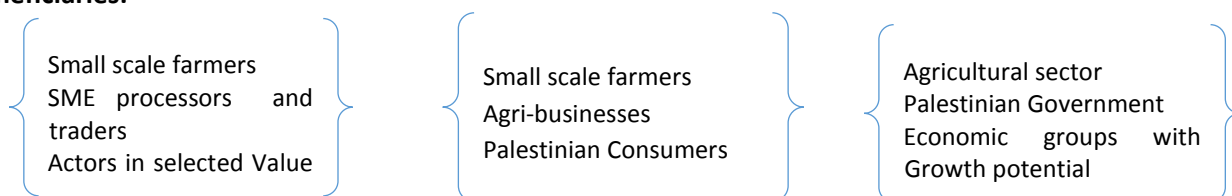
greater market actor capacity, new linkages and a more inclusive and strengthened enabling environment.

The table below shows the Theory of Change of TP2

**RESULT CHAIN:**



**Beneficiaries:**



A number of assumptions underpin this theory of change:

- The Palestinian Authority and other local development partners are committed to cooperate on activities that directly involve them.
- Small scale farmers have access to sufficient land and minimum inputs required to continue production.
- The macro-economic situation remains relatively stable.
- Security allows small-scale producers and micro, small and medium agribusinesses to operate.

**4.5 Indicative results framework**

The table below shows the expected impacts and outcomes of Thematic Programme 2. The outcome, baseline and indicators for the engagement are based on FAO’s draft Programme Document and Oxfam’s Concept Note as well as discussions with potential partners.

Table 7: Indicative Results Framework.

Thematic programme	Promoting Economic Development
Thematic Programme objective	More productive and efficient small and medium scale agribusinesses and an increased agricultural sector contribution to GDP and employment in Palestine.
Impact indicator B.1	Increased agricultural production and agri-business MSME turnover in the West Bank and the Gaza strip according to the Palestinian Central Bureau of Statistics (PCBS). <sup>13</sup>
Impact indicator B.2	Decrease the agricultural import share of the market in 2020 compared to 2015 in the West Bank and the Gaza Strip according to the PCBS.

<sup>13</sup> Impact indicators B.1 - B.4 are aligned to the National Agricultural Sector Strategy 2014-16.

<b>Impact indicator B.3</b>		Increase exports of agricultural products and agro-business products from the West Bank and Gaza by 2020 compared to 2015 according to the PCBS.		
<b>Impact indicator B.4</b>		Increased employment in agriculture and agri-business MSMEs in the West Bank and the Gaza Strip in 2020 compared to 2015 according to the PCBS.		
<b>Engagement Title 3</b>		<b>Reform and development of markets, value chains and producers' organizations</b>		
Outcome B.1		Sustainably improved income and labour productivity in agribusiness		
Baseline	Year	2017	(1) (1) (2) (2) (3) (3)	0 0 To be determined during project inception phase
Target	Year	2020	(1) (1) (2) (2) (3) (3)	At least 80% 15% Increased
<b>Engagement Title 4</b>		<b>Integrated market development programme across the occupied Palestinian territory</b>		
Outcome B.2		Small-scale women and men producers in the high value fruit and dairy value chains in the West Bank, Jerusalem and Gaza have increased incomes and are more resilient.		
Baseline	Year	2017	To be determined based on final Project Document	
Target	Year	2020	To be determined based on final Project Document	

#### 4.6 Summary of risk analysis

Contextual risks for the PCP as a whole are outlined in the above section 2.8. A full risk management matrix is available in Annex E. For TP2, deterioration of the security situation leading to reduced mobility in the West Bank and Gaza, and tightened administrative procedures for Palestinian farmers is the greatest risk. This may reduce access to agricultural areas and groundwater wells, restrict movement of people, particularly in Gaza and Area C of the West Bank, and limit access to inputs and exports. Effects of such restrictions may also have economic consequences, primarily in the short term. However, both Development Engagement partners have been operating within these constraints and have produced positive results for producers with viable mitigation measures such as by providing training programmes and inputs 'on site' – and prioritising local procurements.

## 5. Thematic Programme 3 (TP3): Strengthening Human Rights and Democratic Accountability

Development Engagement title	Years	DKK million
Independent Commission for Human Rights (ICHR), including a twinning arrangement with the Danish Institute for Human Rights	2017-20	24
The State Audit and Administrative Control Bureau	2017-20	12
Human Rights and International Humanitarian Law Secretariat	2017-20	56
Danish House in Palestine (DHIP)	2019-20	6
Danish JPOs (2) at OHCHR	2017-20	8
Short term TA and third party monitoring	2017-20	4
Subtotal Thematic Programme 3		110



## 5.1. Justification

The aim of TP3 is to reinforce accountability and human rights/international humanitarian law adherence of duty bearers and to strengthen the voice and participation of CSOs, representing rights holders, in democratic processes - moving towards a more pluralistic and open Palestinian society.

TP3 addresses two out of the four Strategic Objectives of the National Development Plan: 'Good governance and institution building' and 'social protection and development'. The key policy priority area to which the TP3 will respond is *"to enact a democratic political apparatus, and promote community safety on grounds of respect of human rights, integrity, transparency and accountability."* TP3 is also in line with the ambitions shown by the PA through its ratification of a range of international treaties (without reservations) since 2014 and indications of additional ratifications to take place in the near future.

The TP3 will contribute to the NDP objectives through support to formal government accountability institutions, the Independent Commission for Human Rights (ICHR) and the State Audit and Administrative Control Bureau (SAACB), as well as to civil society organisations, which represents right holders and participate in social accountability monitoring and engage in policy dialogue and monitoring of duty bearers on HR/IHL application.

The main justification for continued and increased engagement in this thematic area is:

- The continued international humanitarian law (IHL) violations carried out under the Israeli occupation have a profound impact on the human rights situation in Palestine. The international attention to and reporting on these violations are a moral and legal obligation under international humanitarian law and human rights treaties.
- The Israeli occupation and the measures imposed on Palestinians, such as access and movement restrictions, separation barriers, Area C under full Israeli civil and military control, closure of the Gaza Strip, restricted access to Jerusalem.
- Since 2006 there have not been held parliamentary elections in Palestine, and the Palestinian Legislative Council and the Law Commission have not been convening since the split between Fatah and Hamas in 2007. The judiciary is distrusted by the public and its independence is questioned. The oversight of government performance and accountability is therefore mainly carried out by other checks and balances mechanisms, such as ICHR, SAACB, the Anti-corruption Commission, CSOs and the media.
- There are persisting tense relations between the Palestinian Authority, the *de facto* government of Hamas in Gaza and CSOs with reports of harassment by the police and continued attempts to control CSO activities. Legislation has been drafted proposing increased control of CSOs (such a law was also proposed in Israel in December 2015<sup>14</sup>).
- Until recently the human rights monitoring institutions and CSOs could only make use of unclear national Palestinian legal provisions to hold duty bearers legally accountable. In Gaza, Hamas continues to legislate independently from the PA. This adds to the very fragmented legal system inherited from previous times (Ottoman, British, Egyptian, Jordanian and Israeli military orders). However, since 2014 Palestine represented by the PA has officially ratified a series of UN human rights conventions and legal instruments without reservations. This provides the monitoring system with more powerful tools, and a point of departure for CSOs to engage in lobbying and advocacy work on the human rights agenda.
- In a situation where the occupation and the weakness of national level governance systems limits accountability of duty bearers, citizen influence at the lowest level of government is a way forward. In parallel with decentralisation of powers to LGUs, citizens (women, men, girls, boys,

---

<sup>14</sup> The "NGO transparency bill" was introduced by Justice Minister Ayelet Shaked and approved by the ministerial committee on legislation in December 2015, but is not yet passed by the Knesset.

marginalised groups) need to be informed, organised and empowered to engage in dialogue and to monitor the performance of these local level duty bearers. Facilitation of networking, joint efforts, movements and support to capacity development is a way for the international community to facilitate this .

- The occupation has also negatively impacted the cultural scene, protection of cultural heritage as well as freedom of expression.
- TP3 is closely linked with TP1 on Supporting State Building Efforts, which aims at enhancing municipalities' capacity to engage citizens in planning and monitoring at the local government level and with TP2, which supports efforts to address limits on access and mobility created by the occupation.

## **5.2. Integration of experience and results from previous cooperation**

In 2013, the external evaluation of the ICHR<sup>15</sup> concluded that *'under the extreme circumstances in which it operates, ICHR may be acknowledged as an outstanding national institution for the promotion and protection of human rights'*. At the same time the evaluation points at a number of governance and management areas that need attention in order for ICHR to become more effective and maintain respect and trust of donors and the Palestinian population. The recommendations of the evaluation form the basis for the elaboration of the next phase of the support for ICHR to be funded within the PCP.

In 2015, the evaluation of the *'effectiveness of core funding to Palestinian and Israeli CSOs in the field of human rights and international humanitarian law, through the joint donor mechanism'*<sup>16</sup> provided useful lessons for the support to civil society organisations, such as:

- Core funding is effective and efficient.
- The total resources available for core funding should be increased and allocations should be based on the CSOs' needs instead of using a set percentage.
- The present approach for core funding should be more performance based and better aligned to the CSOs systems in accordance with good donor principles.

These recommendations have been guiding of the programme and the elaboration of the next phase of support of the HR/IHL Secretariat.

Finally, while the overall findings regarding the Danish assistance to both ICHR and human rights CSOs were positive, the Danish Evaluation report stressed that Denmark can strengthen the engagement within this area by more systematically addressing both duty bearers and rights holders. Hence, as highlighted in the above description of TP1, Denmark will attempt to ensure that the social accountability dimension and gender mainstreaming of the MDP III is strengthened. Moreover, the TP3 will include support for civil society partners to increase accountability to and participation of rights holders.

## **5.3. Summary of Development Engagements**

This section includes short descriptions of the four Development Engagement within the TP3. Outcome and targets for the Developments Engagement are outlined in the below section 5.5.

### **5.3.1 Independent Commission for Human Rights (ICHR)**

Under this Engagement, Denmark has joined other donors in supporting the Independent Commission for Human Rights (ICHR). The donor group consist of Sweden, Denmark, Norway, the

---

<sup>15</sup> C. Karlstedt, John Pace, Khalil Ansara: External Evaluation of the Independent Commission for Human Rights (ICHR), May 6, 2013.

<sup>16</sup> <http://www.sida.se/contentassets/11a3deeacee14f96bfa69c5f2062d702/9a3f51d4-22d8-412a-b341-045e78b7c1d1.pdf>

Netherlands and Switzerland<sup>17</sup> and the Engagement will co-fund the next phase of the support (2017-2020).

The Independent Commission for Human Rights is the Palestinian constitutional national institution for human rights with the mandate of monitoring and protecting human rights within the Palestinian controlled territory of the West Bank and the Gaza Strip. It also serves as an Ombudsman, receiving individual complaints and making referrals to court. It has full accreditation and enjoys an 'A' Status with the International Coordinating Committee of National Institutions (ICC), reflecting its compliance with the 1993 Paris Principles regulating the work of national human rights institutions.

Though it is a state institution, ICHR enjoys political, financial and administrative independence from the PA. The primary role of ICHR as an independent body is to promote a culture of human rights and to monitor and report on the performance of Palestinian governmental institutions - both civilian and security institutions - to ensure their compliance with their legal and human rights obligations enshrined in national legislation and in international human rights and IHL treaties ratified by Palestine. ICHR also provides consultation and advice to the Government to ensure compliance with human rights.

The ICHR has shown good results in terms of documenting violations and following up with the relevant authorities. This has led to corrective measures being taken by the authorities in a number of cases.

In the coming period ICHR foresees continued deteriorating security and human rights violations. The ambition is to counteract and meet these challenges and make use of the newly signed UN human rights treaties. In the coming period ICHR is supported to: (i) continue and expand its human rights monitoring and capacity building of duty bearers, (ii) facilitate the reporting processes to the UN treaty bodies on the newly signed conventions, (iii) raise the human rights awareness of citizens, and (iv) develop its capacity to function effectively as an independent institution.

As from 2017, Denmark may take over the lead role in the donor consortium from Switzerland, underpinned by a twinning agreement between the ICHR and the Danish Institute for Human Rights. Discussions between Denmark, the ICHR and the donors in the consortium started late in 2015 and there is a concept note and a preliminary agreement on a twinning agreement based on needs and demands by ICHR. It will be informed by the most recent evaluation of ICHR (2016).

### **5.3.2 The State Auditor and Administrative Control Bureau (SAACB)**

SAACB's role is to conduct financial and performance audits of the Palestinian public entities. It is a constitutional body established under the Palestinian Basic Law (article 96), and its operations are governed by SAACB Act 15/2004. SAACB has its own budget within PA general budget, and is an independent legal entity with full legal capacity to undertake actions entrusted to it as stated by law. Being the supreme audit institution of Palestine, it holds membership of the Arab Organization of Supreme Audit Institutions (ARABOSAI), and participates in the environment audit committee and the ARABOSAI strategic planning subcommittee. SAACB signed the quality assurance agreement with INTOSAI Development Initiative (IDI)<sup>18</sup>, and endeavours to gain full INTOSAI membership, especially following UNESCO's approval of full membership of PA in 2011.

EU has an ongoing engagement with the SAACB, which aims at capacity development in the area of performance audits. The present phase of the programme, which expires in 2017, is considered successful. Denmark will join the EU for the new phase of the program as from 2017. The aim of the

---

<sup>17</sup> The donor group is presently funding around 95% of the budget of ICHR

<sup>18</sup> IDI is a non-profit organisation that acts as the capacity building secretariat of the International Organisation of Supreme Audit Institutions, INTOSAI, which today comprises 189 Supreme Audit Institutions (SAIs). The Office of the Auditor General of Norway has hosted the IDI since 2001.

Danish contribution is to strengthen SAACB auditing of the local government sector to enhance the transparency, accountability and efficiency of handling incomes and expenditures. This links up well with the interventions under TP1 and its support to the MDP, where a parallel, performance-based grant mechanism has been created due to the perceived inefficiency of the public financial management system. Detailed planning of the Development Engagement will take place based on the result of a review of the existing EU engagement planned to take place during the first half of 2017.

### **5.3.3 Human Rights and International Humanitarian Law Secretariat**

Under this Development Engagement Denmark supports Palestinian and Israeli CSOs to monitor and document human rights and international humanitarian law (HR/IHL) violations pertaining to Palestinians and to influence the behaviour, policies and practices of duty bearers to be more in line with their HR/IHL commitments and good governance standards. The Engagement will fund the second phase of the activity (2017-2020). The Danish support is part of a donor consortium fund, consisting of Denmark, the Netherlands, Sweden and Switzerland.<sup>19</sup> Sweden is leading this joint donor funding modality.

The fund is presently managed by the HR/IHL Secretariat, established especially for the purpose under the auspices of the consultancy firm NIRAS and the Birzeit University's Institute of Law. By pooling resources and providing core funding to selected grantees, the donors aim to reduce fragmentation of funding and duplication of support, alleviate the administrative burden on partners, and free up resources for a more strategic and qualitative dialogue with duty bearers. Grantees are selected based on themes, their strategic and organisational capacity to implement, monitor and report their own work according to a fixed set of criteria. The Secretariat, moreover, offers capacity development support to these organisations and facilitates policy dialogue among CSOs, donors and duty bearers.

The donors jointly maintain a continuous dialogue with the HR/IHL Secretariat as well as they conduct separate meetings and conferences with relevant HR/IHL CSOs on challenges to the sector. A Steering Committee oversees the work of the Secretariat and monitors and evaluates the results.

In 2016, a mid-term review to assess the overall functioning of the setup was undertaken. Based on the findings of the review, the donors will consider possible new thematic priorities, in addition to the present focus on HR/IHL CSOs in Palestine and Israel. In the negotiations over the final design of the support, Denmark will in cooperation with the other donors – based on recommendation of the evaluation – seek to reduce the number of core funded CSOs from 24 to 10-15.

Following the above-mentioned Palestinian ratification of international treaties on HR/IHL, partner organisations now have access to new and effective tools for advocacy and policy dialogue. This will enable a stronger focus on the human rights performance of the PA and de facto Gaza government in the next phase. It is likely that the support to HR/IHL CSOs in Israel and Palestine will be complemented by support to CSOs working on social accountability and good governance monitoring.

### **5.3.4 Danish House in Palestine (DHIP)**

Under this Development Engagement, Denmark support a third phase to the DHIP (2019-2020).

---

<sup>19</sup> Initially, 2005-2013, the Secretariat was placed at the NGO Development Centre <http://www.ndc.ps/> and was called "Human Rights and Good Governance Secretariat". Since mid-2013 the consultancy firm NIRAS and the Birzeit University's Institute of Law manage the joint funding mechanism, after a tendering process. While the Secretariat has introduced 'International Humanitarian Law' in its title and removed 'Good Governance', this does not constitute a major change in its mandate. Organisations working on democracy and good governance with a Human Rights Based Approach (HRBA) remain within the Secretariat's mandate.

The DHIP is a Danish non-profit, non-governmental organization. It aims to increase mutual understanding and strengthen bilateral relations between Danes and Palestinians and to strengthen Palestinian civil society by developing creative frameworks for intercultural cooperation and connection. DHIP works in the areas of vocational and professional exchange and skills development in the areas of culture, cultural heritage, media and freedom of expression. DHIP also organizes a broad range of cultural activities.

The National Development Plan (NDP) 2014-16, specifically states the intention *‘to promote more accessible cultural activities, a pluralistic, open and innovative national culture, which denounces all forms of discrimination, as well as preserving and renewing cultural heritage’*. Despite this policy declaration, governmental practices and legislations are not enabling for cultural development, preservation of heritage and freedom of expression. There is limited coordination between cultural actors and there is lack of infrastructure for cultural activities, including scarce and inadequate equipment of cultural centres.

In light of these challenges DHIP works to: i) build capacity of both Palestinian individuals and institutions in topics such as cultural production, investigative journalism, building systems in archiving and library management, and ii) exposing of both Palestinians and Danish cultural and social practitioners as well as journalists to each other’s culture, encouraging learning through experimentation and realising their potential to grow.

With the aim of reinforcing Palestine as a pluralistic and open society, Denmark intends to continue to support DHIP to develop and expand its engagement in strengthening cultural heritage, enhance cultural and freedom of expression rights and promoting Danish-Palestinian relations. At the same time, Denmark will – subject to the findings of the mid-term review of the PCP – in dialogue with DHIP define time-bound targets for DHIP fundraising to render DHIP independent of Danish funding.

#### **5.4. Theory of change for TP3**

The overall Thematic Programme objective is to *‘reinforce accountability and human rights/humanitarian law adherence of duty bearers and to strengthen the voice and participation of CSOs, representing rights holders, in democratic processes - moving towards a more pluralistic and open Palestinian society’*.

The basic theory of change is that:

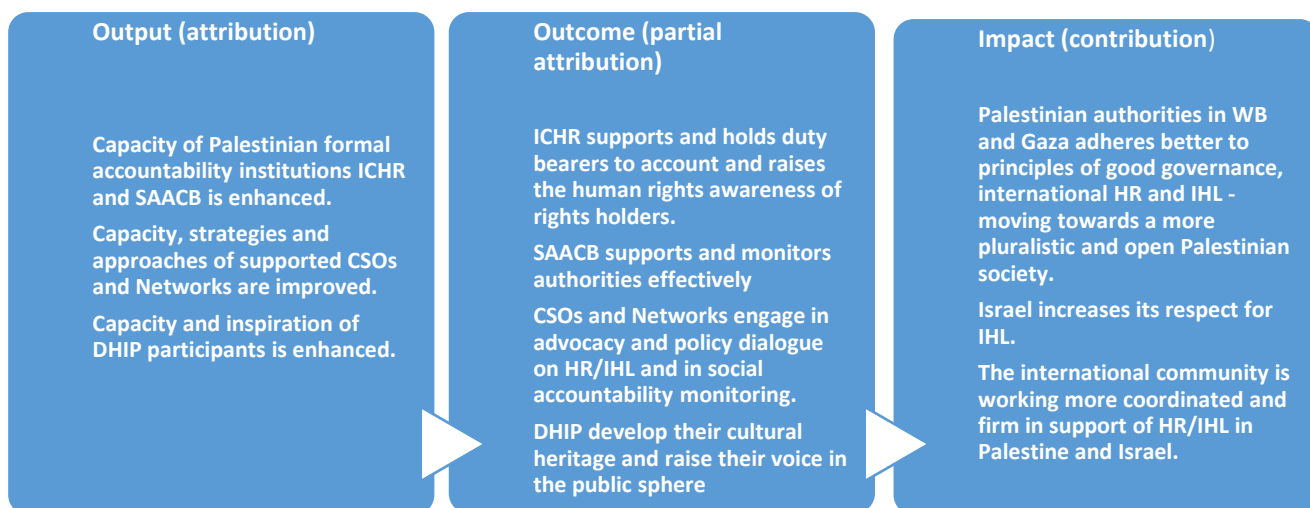
**if** the formal accountability institutions have capacity to effectively and efficiently support and monitor the compliance of duty bearers to HR/IHL and to good governance standards and CSOs have capacity to raise awareness of rights holders, make use of culture and media tools, international HR/IHL treaties and engage in policy dialogue with duty bearers,

**then** it is more likely that CSOs take action on behalf of the rights holders and that duty bearers improve their policies and practices in line with HR principles and IHL.

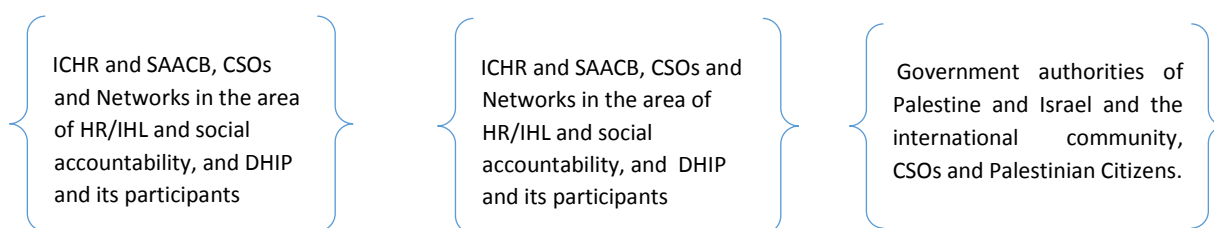
**because** when CSOs have legitimacy, skills and resources they become influential dialogue partners to duty bearers at local, national and international levels and when ICHR and SAACB have capacity to support duty bearers to improve their practices and provide feed-back on performance, which is based on facts and evidence, then these institutions become respected and influential in society.

This logic is illustrated in the figure below:

#### **RESULT CHAIN:**



**Beneficiaries:**



Underpinning this theory of change are a number of assumptions:

- The Palestinian authorities and the Israeli occupation security forces do not completely prevent CSOs or media to fulfil their roles as independent checks and balances mechanisms
- The rights holders have sufficient trust in CSOs and ICHR to continue using these mechanisms to report HR/IHL violations and to claim their rights
- The leadership and staff of the supported institutions and CSOs have sufficient capacity and commitment to develop, implement and review their strategies
- There is sufficient supplementary funding from other donors
- Political will of the duty bearers to better adhere to HR/IHL obligations motivated by the evidence based policy dialogue facilitated by more professional and legitimate CSOs.

**5.5. Indicative results framework**

The table below shows the expected impacts and outcomes of Thematic Programme 3. The outcomes, baselines and indicators at the engagement level are based on preliminary consultation with partners (and programme documents for present phases of the engagements) and will be adjusted /amended according to the final programme documents for the future engagements.

*Table 8: TP3 results at impact and outcome levels*

Thematic Programme	Human Rights and Democratic accountability
Thematic Programme Objective	Reinforcing accountability and human rights/humanitarian law adherence of duty bearers and strengthening the voice and participation of CSO, representing rights holders, in democratic processes - moving towards a more pluralistic and open Palestinian society.
Impact indicator C.1	The number of cases demonstrating that the Independent Commission for Human Rights (ICHR) is effectively functioning as an independent checks and balances

			mechanisms that promote and protect human rights and hold duty bearers accountable according to good administrative practices, UN treaties and International humanitarian law.
<b>Impact indicator C.2</b>			SAACB complete minimum number of regular annual audits, including audits of the local government sector.
<b>Impact indicator C.3</b>			The number of human rights based, coordinated and strategically planned advocacy campaigns, policy dialogue or social accountability efforts undertaken by the supported CSOs and networks to influence practices/policies/decisions of the targeted duty bearers.
<b>Impact indicator C.4</b>			The number of Palestinian men and women, girls and boys that have increased opportunity to access and engage in cultural heritage and in cultural and media expression, both within Palestine and via exchange programmes with Denmark.
<b>Engagement Title 5</b>			
<b>Independent Commission for Human Rights (ICHR)</b>			
<b>Outcome C.1</b>		The Independent Commission for Human Rights is able to a) influence policies and practices of duty bearers so that they better comply with HR/IHL commitments and good governance standards b) raise the human rights awareness of rights holders so that they take action and claim their rights and c) provide accessible HR information to the international community.	
<b>Baseline</b>	Year	2017	<p>There is limited awareness of duty bearers regarding their obligations, but there are xx# examples of duty bearers cooperating with ICHR in their monitoring. The ratio of corrective measures taken as a result of ICHR monitoring or capacity building is xx#. Figures to be inserted based on ICHR forthcoming strategy.</p> <p>There is limited trust in and utilisation of the complaints mechanism among rights holders and the number of complaints 2015 are xx# and the %-age of remedies is xx%. Figures to be inserted based on ICHR forthcoming strategy.</p> <p>There is no reporting related to the international UN conventions available to the international community. (Figures to be inserted based on ICHR forthcoming strategy).</p> <p>There is no quantified reporting related to the corrective measures taken as a result of ICHR monitoring or capacity building.</p>
<b>Target</b>	Year	2020	<p>The number of cases of cooperation of duty bearers in monitoring increases and the ratio of corrective measures increases.</p> <p>The utilisation of the ICHR complaints mechanisms has increased compared to base line.</p> <p>The utilisation of ICHR reports and Palestinian UN treaty body reports has increased compared to base line. Targets to be defined in ICHR forthcoming strategy.</p>
<b>Engagement Title 6</b>			
<b>The State Audit and Administrative Control Bureau (SAACB)</b>			
<b>Outcome C.2</b>		SAACB's role as an independent external auditor in Palestine is strengthened and the Bureau is capable of undertaking audits of public funds in compliance with INTOSAI standards.	
<b>Baseline</b>	Year	2017	The state auditor performs and publishes full regular audits, including of the local government fiscal systems and performance on a sample basis. The fiscal systems are ineffective and not transparent and with no systematic follow-up.
<b>Target</b>	Year	2020	The state auditor performs regular annual audits, including of local government fiscal systems, with timely follow-up from relevant authorities, that inform the development of improved systems for public financial management.
<b>Engagement Title 7</b>			
<b>HR/IHL Secretariat</b>			
<b>Outcome C.3</b>		Supported CSOs and Networks, representing rights holders, play a coordinated, strategic and professional role and engage strategically in advocacy and policy dialogue on	

		human rights/humanitarian law application and in social accountability monitoring.	
<b>Baseline</b>	Year	2017	There is insufficient strategic direction, limited coordinated policy dialogue and poor legitimacy which weakens the advocacy role of CSOs despite availability of evidence based research and reporting.
<b>Target</b>	Year	2020	Supported CSOs and Networks demonstrate that they can mobilise rights holders, seek strategic alliance and use evidence based research and international treaties to influence behaviours/practices/policies of duty bearers.
<b>Engagement Title 8</b>		<b>Danish House in Palestine (DHIP)</b>	
<b>Outcome C.4</b>		Palestinian and Danish social and cultural practitioners and journalists exchange experience and knowledge  Scaling up encounters centred on fostering cultural awareness and understanding between Palestinians and Danes	
<b>Baseline</b>	Year	2018	A strategy has been elaborated, but DHIP activities are still organised in an ad-hoc and project oriented manner, without firm management systems, and reach a limited audience of cultural and media actors in Ramallah.
<b>Target</b>	Year	2020	DHIP is working according to high management standards and a coherent strategic plan with clear outcome indicators, is able to involve a larger audience of organisations, young men and women in the West Bank, Gaza and Denmark, enhances cultural and media skills and inspires participants to develop cultural identity and raise their voice in the public sphere (as cultural workers or journalist).

## 5.6. Summary of risk analysis

Contextual risks for the PCP as a whole are outlined in the above section 2.8. A full risk management matrix is available in Annex E. For TP3 enhanced political instability and increased violations of human rights are risks with a high probability of occurring. The programme, however, is designed with a view to monitoring both the Palestinian and Israeli sides, and report to international level mechanisms. These efforts will be supported by Danish and joint donor policy dialogue. Moreover, the shrinking space for civil society and limitations on the freedom of expression - sometimes imposed by new legislation and sometimes due to self-censorship - poses a high risk for some of the HR/IHL and DHIP engagements. Here, policy dialogue and an active international community may serve as protective measures.

## 6. Programme Management and Monitoring

### 6.1 Modalities of support

The Country Programme will provide assistance and interact with the partners in the West Bank and Gaza through three different, but complementary means of support: policy dialogue, aligned funding and technical assistance. The application of these instruments will be based on complementarity, with financial and technical assistance underpinning the policy dialogue.

#### 6.1.1 Policy dialogue

The policy dialogue related to the Danish development engagement in Palestine needs to take place at different levels. At the overall level, it is clearly stated in the Danish-Palestinian Country Policy Paper 2016-2020 that the international community cannot develop Palestine out of the conflict, due to the complex framework conditions. A close coordination between the political and developmental



tools is thus a necessity. The much needed reforms within Palestine require a frank political dialogue between international partners, including Denmark, and the Palestinian Authority. As lead donor in the local governance sector Denmark undertakes regular consultations with the Minister of Local Government with a view to furthering the political reform process. Issues related to the national level are brought up at the Prime Minister's level. With the additional weight on economic development in the PCP the intention is to strengthen the political dialogue with the main partners in this area, such as the Minister of Agriculture and the Minister of Finance and Planning. Additionally, a regular political dialogue with the Israeli authorities on issues and policies that impact the Palestinian territory, the realisation of the two-state solution and Denmark's development activities will form part of the Danish engagement.

The political dialogue will be complemented by continued policy dialogue at the operational level. Over the past decade, Denmark has developed an extensive network, knowledge and understanding of the partner organisations, and Denmark is a trusted partner to the organisations. Denmark will continue to use its position as a platform for policy dialogue. The policy dialogue will be implemented in two ways: (i) Through the formal structures and procedures available in each organisation, such as steering committee meetings, donor partnership forums and budgeting processes; and (ii) Informally, through regular bilateral dialogue with the partners. The DRO will ensure that the dialogue is first and foremost on a demand basis to limit the transaction costs involved of the partner organisations. The DRO will work with the other donors towards consensus and joint policy dialogue initiatives to enhance effectiveness and limit transaction costs. As such, certain issues cut across the Danish engagement and will influence the dialogue sought. These include:

- Improved results-based management and a focus on outcome level achievements, and planning and monitoring of these.
- Gender equality and women's empowerment with emphasis on UN security Resolution 1325.
- Application of HRBA as a concrete development modality, for example in programme design, monitoring and reporting.
- Enhanced transparency and accountability in the operations of the partner organisations, including promoting better organisation-wide reporting and auditing.
- Further alignment and harmonisation of donor support to the organisations.

### **6.1.2 Aligned funding**

The second means of support is the funding provided. The Country Programme is aligned with the development priority areas of the National Development Plan, in particular in relation to municipal governance and economic development. The funding is thus an enabler for these partners to implement activities in accordance with their own plans. In the areas of local democracy, civil society and democratic accountability, the Danish support will also address factors highlighted in the National Development Plan that underpin sustainable development, such as effective participation of political and public sector stakeholders, the private sector, CSOs and international agencies.

### **6.1.3 Technical assistance**

The third means of support is the provision of technical assistance. In relation to the municipal sector (TP1), the intention is to maintain the technical advisor in the Ministry of Local Government (MoLG). The position is in relation to the comprehensive policy reform that the sector is currently undertaking, which in addition to the technical support to MoLG, relates to the Association of Palestinian Local Authorities and to the MDLF. In line with Denmark's policy on secondment to multilateral organisations a new position in the FAO Jerusalem Office will be created (TP2). The key focus of the position will be supporting the analytical work that bridges between the FAO engagement and corporate functions, such as FAO contributions to UN reports to the Security

Council, the Ad Hoc Liaison Committee<sup>20</sup> and FAO corporate bodies, as well as providing inputs to policy work in relation to national institutions in Palestine, including the Ministry of Agriculture. The position will thus underpin the national reform process. Finally, following the new Danish policy for JPO funding, two JPO positions at UNOHCHR Ramallah Office will be continued under the PCP – currently funded from the central Multilateral Advisory Fund. Their main tasks encompass work on the treaty reporting, where UNOHCHR acts as advisor to PA, and work related to human rights violations and follow up.

## 6.2 Programme and Financial Management

Annual consultations between the DRO and the Ministry of Finance and Planning will provide the principal overall programme management mechanism at the Country Programme level. The PCP makes use of joint modalities as far as possible and fiduciary risks are reduced by channelling funding through specific funding mechanisms, such as the Municipal Development and Lending Fund (MDLF) via the World Bank Trust Fund (the PID-MDTF), the EU, the UN or through joint funding mechanisms. The PCP will be administered from DRO in Ramallah. The DRO programme management team consists of one posted staff and three national programme officers. In addition, an international technical advisor is responsible for overall coordination and monitoring of the PCP.

All engagements under the PCP will be supported by agreements, DEDs and programme documents relating to the engagements concerned, which set out the precise management arrangements that will apply, including financial management arrangements. Moreover, all interventions supported by the PCP are subject to independent audits in accordance with the management arrangements. The DRO will also reserve the right to commission its own audits, if deemed necessary. An overview of the arrangements for the individual engagements is set out in the table below.

Table 9. Overview of programme and financial management arrangements

Development Engagement	Modality	Key features
<b>TP1 Supporting State Building Efforts</b>		
<b>MDP and Local Government Reform</b>	Multi-Donor Trust Fund, managed by the World Bank (PID-MDTF) and implemented by MDLF.	Trust Fund Administration Agreement sets out responsibilities. Financial disbursements will take place in accordance with the World Bank guidelines. Quarterly financial reports generated by the MDLF. Procurement in line with MDLF guidelines, based on World Bank guidelines. The World Bank will provide annual financial reporting. Anti-corruption clause. The accounting and verification procedures will follow the administrative and financial measures specified in Danida's <i>'General Guidelines for Accounting and Auditing of Grants through Multilateral Organisations and other Institutions receiving Multilateral Aid'</i> .

<sup>20</sup> AHLC is the international donor forum for Palestine created in connection with the Oslo Accords

<b>Development of Area C in the West Bank</b>	Joint donor funding - the EU, France and the UK - through the EU and implemented by MDLF. MoU between Denmark and EU Representation Office.	MOU between DRO and the EU Representation Office will set out responsibilities and the financial disbursements to take place in accordance with the guidelines of the EU. The EU Representation Office will provide annual financial reporting. Anti-corruption clause. The accounting and verification procedures will follow the administrative and financial measures specified in Danida's <i>'General Guidelines for Accounting and Auditing of Grants through Multilateral Organisations and other Institutions receiving Multilateral Aid'</i> .
<b>TP2 Promoting Economic Development</b>		
<b>FAO/ITC: Reform and development of markets, value chains and producers' organizations</b>	Joint donor funding – the EU, the Netherlands and Switzerland – as part of FAO's Programmatic Country Framework 2017-2022. MOU with FAO operating under the UNDP Programme of Assistance to the Palestinian People.	A Programme Management Unit (PMU) will be directly responsible for implementation, supported by a Joint Technical Committee, and a Project Steering Committee. Annual financial reports will be prepared by FAO and submitted to donors, and a final financial report will be issued by FAO Headquarters within six months of the end of the implementation period. The project shall be subject to the internal and external auditing procedures as laid down in the Financial Regulations, Rules and Directives of FAO. Anti-corruption clause. The accounting and verification procedures will follow the administrative and financial measures specified in Danida's <i>'General Guidelines for Accounting and Auditing of Grants through Multilateral Organisations and other Institutions receiving Multilateral Aid'</i> .
<b>OXFAM: Integrated Market Development Programme</b>	Joint donor funding – Denmark, Sweden and Switzerland - of Oxfam project. Multi-donor co-financing agreement with Sweden and Switzerland plus MOU with Oxfam.	A Programme Management Unit will be organized. Oxfam will sign bilateral Letters of Agreement with Palestinian partners. Oxfam will deliver semi-annual narrative reports and annual narrative and financial reports. Disbursements will be made directly to OXFAM. The accounting and verification procedures will follow the administrative and financial measures specified in <i>'General Guidelines for Accounting and Auditing of Grants channelled through National NGO's'</i>

<b>TP3 Strengthening Human Rights and Democratic Accountability</b>		
<b>ICHR</b>	Joint Donor Consortium with Switzerland as the current lead. Denmark is likely to take over the lead from 2017, underpinned by a twinning arrangement between ICHR and the Danish Institute for Human Rights.	Annual narrative and financial reporting according to agreed results framework. Annual external audits. Funds are transferred to ICHR, based on a bilateral agreement signed between each donor individually and the Institution, which is responsible for the financial reporting towards all donors in the Consortium. The accounts are audited annually by an international auditing firm. Anti-corruption clause.
<b>SAACB</b>	Joint financing with the EU and administered through the EU. MoU between Denmark and EU Representation Office.	The MOU between DRO and the EU Representation Office will set out responsibilities and the financial disbursements to take place in accordance with the guidelines of the EU. Anti-corruption clause. SAACB to provide annual activity and financial reporting. Danish funding will be channelled through the EU.
<b>HR/IHL Secretariat</b>	Joint Donor Consortium with Sweden as the current lead. Contractor responsible for the day-to-day management. Agreement setting out responsibilities of the HR/IHL Secretariat and the grantees.	Annual narrative and financial reporting according to agreed results framework and in compliance with International Public Sector Accounting Standards (IPSAS). Anti-corruption clause. The Contractor manages the financial contributions provided by the donor consortium on an annual basis. Annual audits of financial statements are prepared by an internationally certified audit firm and submitted to the Steering Committee for approval.
<b>DHIP</b>	Bilateral financing agreement with DHIP	The agreement between DRO and DHIP outlines the financial management conditions, which include: i) DHIP adheres to Danida's <i>'General Guidelines for Accounting and Auditing of Grants channelled through National NGO's'</i> , ii) DHIP ensures that the procedures used for financial management are in compliance with International Public Sector Accounting Standards (IPSAS), and iii) Annual audits of financial statements and financial systems prepared by an internationally certified audit. Anti-corruption clause.

### **6.3 Monitoring arrangements and reviews**

Monitoring will primarily be the responsibility of the implementing partners and monitoring arrangements are set out for each engagement in the agreements and programme documentation. In the design-phase of the individual development engagements DRO will attempt to ensure that all partners have established robust and reliable monitoring frameworks. Denmark will – in cooperation with other development partners - commission independent technical reviews. Moreover, Denmark will establish third party monitoring systems for all engagements in addition to undertaking own monitoring missions and financial inspection visits.