



Mid-term Review of the European Joint Strategy in support of Palestine 2017-2020

Final Report - Executive Summary

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Palestine 2017-2020
Final Report – Executive Summary**

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(European Commission)**

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INTRODUCTION

The European Joint Strategy 2017-2020 (EJS) provides a common framework for European Development Partners (EU, EU Member States, Switzerland and Norway) to ensure the coordinated delivery of development aid to Palestine. The Strategy is a product of Joint Programming (JP) in Palestine and aims to: i) improve the efficiency and effectiveness of European Development Partner (EDP) funding and ii) protect the viability of the two-state solution. The EJS is centred on five strategic pillars, grouping 13 sectors. Its structure and content broadly aligns with the Palestinian National Policy Agenda (NPA) 2017-2022. It was developed in close consultation with Palestinian partners in Ministries, agencies, civil society and the private sector.

The overall objective of the Mid-Term Review is to “*assess whether the EJS has been able to collectively address Palestinian development priorities and enabled EDPs to work collectively in support of Palestinian partners’ own planning*”. The review investigates whether the EJS continues to be relevant to Palestinian needs, given the extensive changes in context since 2016, and whether steps can be taken to make joint programming and implementation more effective.

This MTR covers the period 2016 to 2018 inclusive. The field mission was carried out between 28 October and 09 November 2019. The total number of stakeholder interviews exceeded ninety persons and included PA Ministries, civil society organisations, private sector associations, UN agencies and other donors.

FINDINGS

Relevance

The review concluded that the EJS was highly relevant to the needs and priorities of the Palestinian partner institutions and the EJS intention to converge development interventions with the political objective of protecting the two-state solution continues to be very relevant to achieving Palestinian priorities.

The EJS aligns well with the priorities of the NPA Pillar II (Government Reform) and Pillar III (Sustainable Development). In support of NPA sector priorities, the EJS provides technical support to governance reform, fiscal consolidation, rule of law and security, social services delivery, water/energy services delivery, and economic development. The EJS could increase its alignment with the NPA by expanding support to economic independence under NPA Pillar I Path to Independence.

The EJS is a joint framework that has contributed to improved aid effectiveness. Coordination between EDPs has increased. The EJS has reduced aid fragmentation through the JP process. There are many examples of EDPs working collectively on jointly funded projects under the EJS. EDPs in Palestine remain committed to aid effectiveness and engage in ROF monitoring.

The ROF mechanism contributes to closer alignment between EJS sectors and national sector strategies by monitoring EJS sector support outcomes and informing policy dialogue between Palestinian partners and EDPs. However, humanitarian and development actors continue to work in silos, resulting in disparate approaches to needs in Gaza.

The national ownership of development priorities is demonstrated by NPA/EJS alignment which is strengthened through the joint policy dialogue process. However, national ownership is undermined by the limited financial and institutional capacities of Palestinian partners as well as political

divisions that have been deepening in recent years. Sector policy budgeting, aligned with the overall medium-term budgetary framework reforms, should improve national ownership.

A lack of capacity in field missions was cited by EDPs as a significant challenge to maintaining the coordination and collective engagement that is needed for further improving aid effectiveness. Furthermore, weak HQ support was identified as an impediment to joint EDP work. The EJS has not yet contributed to better aid predictability except for those EDPs that budget on a multi-annual basis.

Effectiveness

The EJS has proven beneficial in building closer partnerships between EDPs and Palestinian institutions, which, in turn, has contributed to greater aid effectiveness. Closer EDP coordination has resulted in projects of larger scope and scale, supported by multiple EDP funding and well-targeted to Palestinian needs. The EJS' Results Oriented Framework (ROF) has enhanced policy dialogue between EDPs and Palestinian partners. This has contributed to more effective EJS project implementation and data gathering for future EJS programming. Through the ROF policy dialogue process and regular information exchange, EDPs can focus their support on target sectors more effectively and avoid spreading limited resources too thinly. The EJS has particularly enhanced EDP coordination under Pillars II and V (e.g. Agriculture sector) and effectiveness gains are particularly evident in the education, water, energy and agriculture sectors.

The EJS and ROF provide a framework for a transition from joint programming to joint implementation, including pooling and delegated funding opportunities amongst EDPs and with other development actors, such as the World Bank. Through the LACS sector working groups and Donor Advisory Group – Heads of Cooperation (HoCs) meetings, Palestinian partner institutions lead policy dialogue on aid development priorities with EDPs, among other partners. Development cooperation has improved functional aspects of state building, but these achievements are not sustainable without progress on the political front.

Nevertheless, transaction costs have not accrued as expected as Palestinian partner institutions still have to negotiate with individual EDPs during their bilateral country programme preparations.

Efficiency

The joint programming process, the sector-based division of labour (DoL) between EDPs and the ROF mechanism have contributed to greater efficiency in the use of EDP resources. These efficiencies are generated through joint financial actions (EU delegated cooperation, pooling of funding) and through non-financial actions (project identification, joint messaging, policy dialogue, sharing of technical expertise, as well as joint evaluation exercises to inform future programming). There was limited evidence of transaction cost savings associated with joint programming. It is noted that the DoL and ROF responsibilities amongst EDPs require significant time and resource commitments by EDP missions. Transaction cost reductions from joint actions are limited and not uniform amongst participating EDPs. However, it is possible that transaction costs efficiencies may accrue in the future should more EDPs replace their bilateral programmes with the EJS.

Coherence

The Mid-Term Review concludes that the EJS is in line with, and supportive of, other EU and global policies. At the global level, the EJS aligns with the priorities of the European Development Consensus (2017). It also aligns with the 2030 Agenda by focusing on policy coherence and supporting the achievement of the Sustainable Development Goals (SDGs). At the local level, the EJS is in line with the Interim Association Agreement on Trade and Cooperation and the Extended 2013 EU-PA Action Plan in supporting a future Palestinian state based on the rule of law, human

rights, democracy, and accountable institutions (EJS Pillars I, II, III). The EJS prioritises gender issues throughout the five pillars although results have been weak in achieving Gender Action Plan objectives.

The EJS explicitly refers to the Roadmap for Engagement with Civil Society and emphasises the importance that EDPs should attach to the role of civil society in policy development and in monitoring the implementation of laws and policies.

Broadly, the EJS aligns with EDP policies towards Israel but there is limited evidence that EDPs have a meaningful impact on the policies and practices of Israel towards Palestinian institutions and the Palestinian population.

Added Value

The EJS adds substantial value to the work of other donors including International Financial Institutions (IFIs) by providing opportunities for closer coordination and co-financing of agreed interventions. The joint programming process has opened the possibility of designing projects of scale with opportunities for greater impact. EJS programming provides opportunities for “blended” funding of projects, where EDP grant funds can facilitate loan-financing arrangements by IFIs including the European Investment Bank or World Bank. The EJS also improves donor coordination and policy dialogue within the enabling environment of recent Local Aid Coordination Secretariat (LACS) reforms and the formation of the Donor Advisory Group (DAG).

Prospects of Sustainability

EDPs and Palestinian institutions are committed to applying the Busan development effectiveness principles. The EJS is aligned with the NPA and this, in turn, supports the ownership of development priorities by Palestinian institutions. Through the EJS/ROF and the NPA’s Strategic Results Framework, there is a results-based focus to all development efforts. Mutual accountability has not improved as anticipated, but changes in the DAG-HoC Advisory Group and LACS reforms are expected to improve this situation. EDPs do not use the Palestinian budget system for donor interventions. EDPs provide technical support for programmatic budgeting under Pillar I. There is no parliamentary oversight of EDP aid interventions. While the PMO is committed to development aid effectiveness and chairs the DAG/HoC Advisory Group, the lack of Palestinian institutional and EDP capacity limits the extent to which key development effectiveness principles and follow-up can be readily applied.

Adherence to development effectiveness principles should contribute to stronger sustainability of project outcomes. The EJS supports a stronger sense of ownership and engagement by Palestinian partner institutions, through mutual accountability for EJS actions as well as alignment of the EJS to NPA priorities. It is clear, however, that the sustainability of EJS efforts to protect the viability of the two-state solution is subject to concurrent political progress. The sustainability of EJS efforts is also threatened by Palestine’s weak fiscal position, which undermines its capacity to carry forward these reforms in a systematic way.

Prospects of Impact

EDP funding supports institutional reforms, capacity building, services delivery and reforms in key economic sectors. Many of these interventions have had a positive impact in their respective sectors. In addition, the use of EJS tools such as the ROF have contributed to reduced aid fragmentation/duplication, greater implementation of joint projects and a more active use of joint statements to push forward reforms with PA partners. Joint EDP activities are more efficient and effective in supporting Palestinian state building under the EJS.

However, stakeholders across the board – the PA, UN agencies and EDPs – noted that the EJS to date has not been able to make any significant difference in contributing to protecting the viability of the two-state solution. While joint statements have supported policy reform progress amongst PA partners, there was little evidence that the work of HoCs in passing political joint statements internally “up the ladder” to HoPs, HoMs, and then to HQs has had any clear outcomes. Such outcomes would require more careful measurement against indicators. The ROF does not account for, or measure, progress against the political dimension of the EJS - protecting the viability of the two-state solution.

CONCLUSIONS

1. There is alignment between the EJS and the NPA – primarily at sector level. To better align with the NPA and protect the viability of the two-state solution, convergence between the development interventions supported by EJS and the political dimension of protecting the viability of the two-state solution could be strengthened.
2. The capacities and resources of both EDP missions and Palestinian partner institutions require strengthening if the benefits of the EJS are to be fully realised. The EJS has encouraged national ownership of EDP support through close alignment with NPA priorities. Aid predictability could be strengthened by publishing three-to-five-year indicative forward estimates as per commitments in the Accra Agenda for Action. Reduced aid fragmentation is noticeable as a result of joint project funding by EDPs and improved coordination under the EJS.
3. The EJS has generated effectiveness gains through improved development cooperation but these gains can only be sustained through political progress with the two-state solution.
4. The maintenance of efficiency gains associated with the division of labour and the adaptation of results-based management tools is linked to the resource capacities of EDP missions and Palestinian partner institutions as well as political progress with the two-state solution.
5. The EJS and ROF should be better exploited during political dialogue sub-committee meetings of the Interim Association Agreement on Trade and Cooperation. Gender mainstreaming should go beyond a “tick the box” exercise and target certain sectors or interventions where gender issues – based on evidence - can be integrated and assessed for results. This observation is also relevant to the other two cross-cutting issues of youth and the environment. It continues to be important that EDPs support CSOs to hold all duty bearers to account.
6. EJS Policy Dialogue and Programming can provide opportunities for increased project co-funding and joint implementation between EDPs and UN bodies, other donors and IFIs in order to better protect the viability of the two-state solution.
7. There is strong commitment to the principles of development effectiveness by the Palestinian institutions and EDPs. However, there is a resource cost to the application of these principles, which can be reduced, at least to some extent, through joint programming and closer partner country coordination.
8. EDPs - under the umbrella of the EJS - need to be clearer on what ‘viability’ means in relation to protecting the two-state solution. Clarity is also required around the priority obstacles or challenges EDPs seek to address in achieving the EJS political dimension and how progress is

measured. The ROF does not contain performance indicators to assess positive or negative levels of progress made with the EJS political dimension.

RECOMMENDATIONS

The MTR makes a series of overarching recommendations on how joint programming and the EJS can better address Palestinian priorities. The recommendations are interlinked and framed around the need, as identified in the EJS, to strengthen the convergence between the political objective of the EU in Palestine (the protection of the viability of two-state solution) and narrower development policy goals. In brief these recommendations are:

Recommendation 1: Future joint interventions by EDPs under the EJS should be increased so as to support Palestinian territorial integrity and geographic connectivity - existential preconditions for maintaining the viability of the two-state solution.

Occupation, settlement expansion, and geographic divisions undermine the viability of the two-state solution. EDPs are challenging this situation through their interventions, particularly in Area C. The EDPs, under the strategic umbrella of the EJS, should scale up the programming of future development project interventions that protect the territorial viability of the two-state solution.

Recommendation 2: The EJS and ROF should include indicators for the measurement of convergence between the two dimensions of JP in Palestine – aid effectiveness and protection of the two-state solution.

The ROF monitoring of outcome and impacts of jointly agreed development goals provides limited insight into the extent of progress towards the EJS's political objective of protecting the viability the two-state solution. The ROF is designed to reinforce the NPA, inform policy dialogue and support evidence-based programming of future EJS actions. While the ROF is effective in monitoring EJS project outcomes and impacts, there is a gap in tracking convergence between the two dimensions of JP in Palestine – aid effectiveness and protecting the two-state solution. It is recommended that a set of indicators are developed by the EDPs to monitor and report upon this convergence.

Recommendation 3: Create an EJS Project Preparation Facility (PPF) and a “Two-State Solution Protection Fund”

The EJS would greatly benefit from its own “flagship” projects to cement the legitimacy of the Strategy and raise the EJS's profile. These projects could be prepared through an EJS Project Preparation Facility (PPF), which would provide the necessary design and technical preparation. To fund these projects, the setting up of a “Two-State Solution Protection Fund” with delegated contributions from EDPs should be considered. Such projects should be firmly positioned in a long-term perspective and specifically aim to protect the territorial viability of the two-state solution.

Recommendation 4: Improve and better coordinate EDP support to the national system of social protection, linking humanitarian and development interventions, to make it more inclusive and shock responsive.

Existing support to the national Cash Transfer Programme managed by the Ministry of Social Development to address poverty reduction in Palestine requires improved linkages with economic support policies, PFM reforms and employment policies with a focus on vulnerable groups, particularly youth, women and the informal sector. Stronger mainstreaming of the humanitarian-

development nexus is also required and should be operationalized for Area C, East Jerusalem and Gaza to make the national social protection system more inclusive and shock responsive.

Recommendation 5: There should be a greater focus on building the capacity of civil society and special measures to support particular target groups like youth, women at risk, people with disability and other vulnerable cohorts.

Progress with gender equality and youth participation in economic and governance structures remains below expectations. More targeted, evidence-based actions, specifically addressing gender and youth, should be considered. There is a need to support learning opportunities amongst EDPs and Palestinian partners in order to demonstrate what works and why across different modalities to address disadvantaged women and youth. Closer engagement between EDPs and Palestinian civil society actors on programming and implementing actions should be encouraged. Similarly, greater attention should be given to disability issues (including mobility infrastructure support and education projects) across EJS pillars.

Recommendation 6: Develop an EJS framework to respond to deteriorating conditions relative to key governance, justice, security, rule of law and human rights issues.

It is recommended that EDPs formulate a clear response framework to outline the protocols, strategies, and responses by EDPs that would apply when any deterioration of conditions is observed in the areas of governance, justice, security, rule of law, and human rights.

Recommendation 7: Increase EDP support to Centre of Government (Prime Minister's Office and Cabinet Secretariat) to improve the coherence of policy making, the monitoring of NPA implementation and the capacity for joint programming with EDPs.

Centre of Government (CoG) is responsible for coordinating the work of government and ensuring coherent approaches to the achievement of national strategic objectives. The PA Centre of Government core is the Prime Minister Office and Cabinet Secretariat. It is recommended that under Pillar I (Sector 2 Public Administration Reform - Central Government) there is increased emphasis on CoG. This support should be directed at improving inter-ministerial relations and building mutual accountability for EJS activities. Support should also target the capturing and processing of NPA monitoring data to better inform future national policy and EDP joint programming. The secondment of a civil servant from an EDP Cabinet Secretariat could be considered as a means to provide technical expertise and experience to Palestinian CoG.