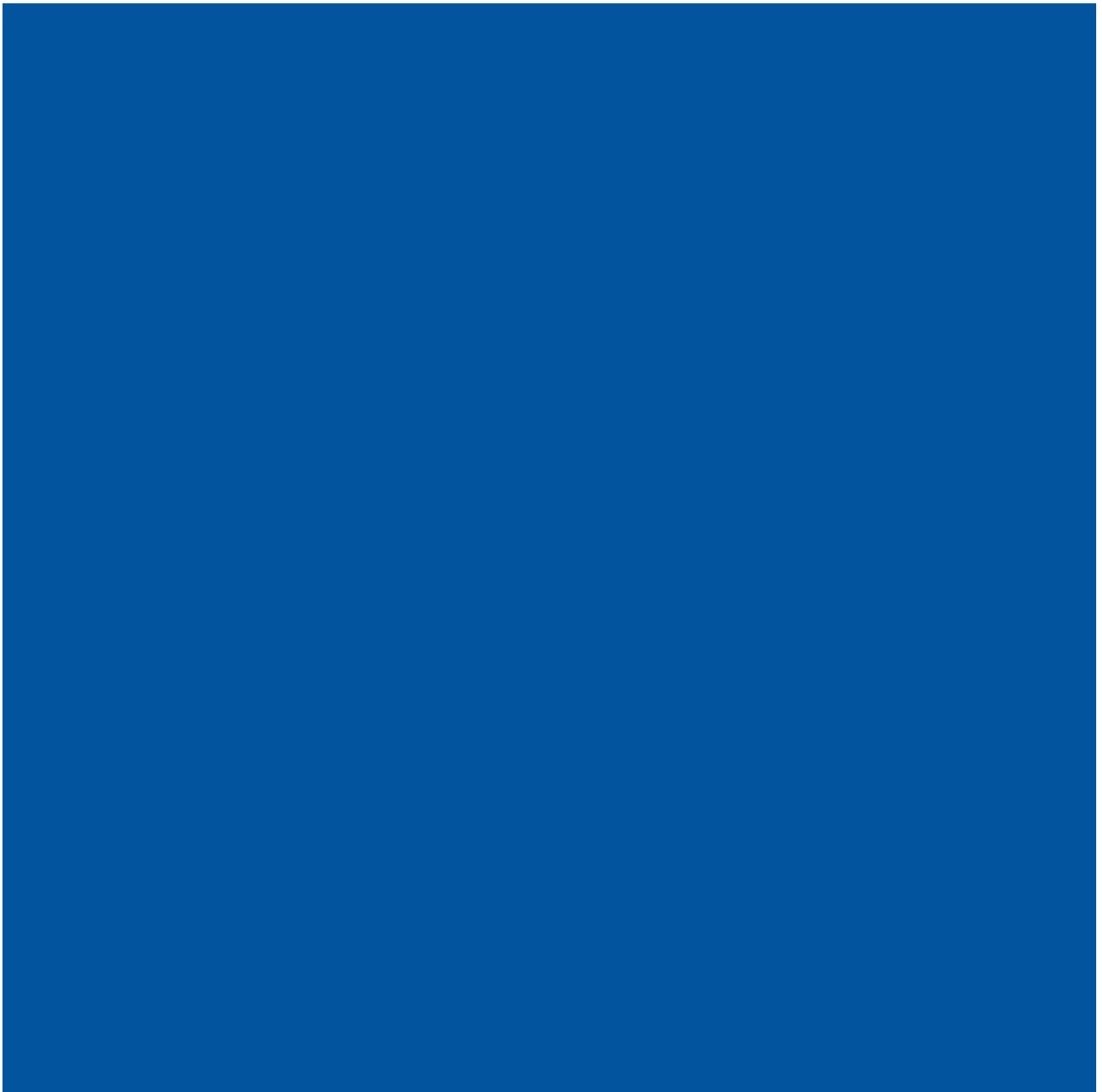


# West Bank and Gaza





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# 1. Summary

Following Hamas' success in the Palestinian Legislative Council (PLC) elections of January 2006 the Palestinian crisis entered a new phase. The Government of Israel (GoI) impounded Palestinian tax and VAT revenues, and donors rechanneled support from the Government of the Palestinian Authority (PA) to other mechanisms such as the Temporary International Mechanism (TIM). As a result a quarter of the population was deprived of its main source of income. Alongside continuing Israeli-Palestinian violence, the first part of 2007 also witnessed unprecedented levels of internal Palestinian conflict. The humanitarian and human rights situation deteriorated further in oPt. The Gaza Strip, which faced large-scale and sustained Israeli military operations and was the scene of violent clashes between rival factions in the first half of 2007, was worst affected.

In March 2007, a National Unity Government was formed after the Mecca agreement. Political contacts were established with the Fatah Ministers as well as independents but economic cooperation was hampered. The international position, and particularly that of donor countries, coincided with a catastrophic deterioration in the humanitarian situation in the Occupied Palestinian Territory (oPt). The Palestinian people continued to live under increased suffering as a result of the Israeli measures of closures, siege, curfews, the continued building of the Separation Barrier and the destruction of infrastructure affecting all service sectors of the Palestinian territory. Overall, this has resulted in the deterioration of political, social and economic conditions in the West Bank & Gaza as still seen in the high rate of unemployment, widening poverty and the absence of social, political and personal security.

The lifting of the international embargo of the PA in the middle of 2007, following Hamas' ousting from the PA after its security forces seized power in Gaza, had a limited improvement on the situation. In the meantime, President Abbas entrusted Prime Minister Salam Fayyad in forming a caretaker Government based in Ramallah.

This move has allowed the recognition of the International community of this government which resulted in the resumption of full salary payments to public sector workers.

# 2. Political, Economic and Poverty Development

## 2.1 Macro-economic Development; Status of Economic and Fiscal Reforms, Main Priorities in the Government Budget

Hamas has been labeled a terrorist organization by the European Union. It is illegal to channel funds to terrorist organizations. This had repercussions on the international donor community's assistance to the PA Government following the establishment of a Hamas led Government in March 2006 . While many donors significantly increased the flow of rapid-disbursing assistance flowing to the West Bank and Gaza, they did so through channels outside the government, mainly through the Temporary International Mechanism (TIM), the Consolidated Appeal Process (CAP), and direct support through the Office of the President.. Indications are that disbursements of emergency/humanitarian assistance have increased in 2007, while disbursements of development aid have declined.

Another impediment to real growth in the Palestinian economy has been Israeli policies that determines flow of goods to and from West Bank & Gaza, as well as access to Israel's labor market. Movement restrictions have reduced the number of Palestinians working in Israel. Workers without permits, with only one possibility of employment in Israel had increasing difficulties in circumventing Israeli checkpoints and other restrictions, including the Separation Barrier. Virtually no Palestinians from Gaza work in Israel anymore.

In late 2005, the World Bank identified four pre-conditions to economic revival which remain valid at the moment:

- a. The security environment.
- b. Dismantling of the closure regime.
- c. Internal Palestinian reform.
- d. Increased donor funding.

A report by the IMF to the Paris conference<sup>1</sup> in December 2007, echoed the same ideas presented by the WB earlier. The West Bank and Gaza (WBG)'s growth is heavily reliant on trade with Israel and the free movement of goods and people within the occupied territories. In addition, the revival of private investment will require a major reconstruction effort. Thus it is essential that Israeli restrictions on movement and access be relaxed. Donor assistance will also need to be scaled up, both to finance the recurrent budg-

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<sup>1</sup> IMF report, Paris donor conference December 17, 2007.

et deficit (an average of \$1.3 billion per year over 2008–10) and for the public investment program (an average of \$550 million per year).

If the above is met, real GDP could then grow by an average of 5 percent per year over 2008–10. Given the population growth of 4 percent per year and rapid rise in the labour force, real income per capita would rise only slightly, and the rate of unemployment would not decline significantly. Many of the assumptions above are subject to political and security considerations.

On the fiscal front, the PA's fiscal management has improved since the appointment of the new government led by Prime Minister Salam Fayyad in June 2007, reflecting positive developments for budgetary revenues as well as expenditures.

Close cooperation between the PA, the government of Israel, and donors, is essential to the success of any revival to the Palestinian economy and lack of progress implies a continued downward spiral for the WBG economy, with rising unemployment and poverty.

## **2.2 Political Development**

### **2.2.1 The Peace Process**

In the spring the Arab League relaunched the Arab Peace Initiative. After the June 2007 Hamas take over of the Gaza Strip, President Bush declared his intentions to call for an "...*international meeting...*". A peace summit was held in Annapolis, Maryland, in November. The summit concluded an agreement referred to as *Joint Understanding on Negotiations*. The understanding stipulates the resumption of bilateral final status negotiations and envisages a final status agreement by the end of 2008. The parties also committed themselves to implement their respective Road Map obligations under American supervision. The understanding singled out the fulfillment of the Road Map as a prerequisite for the implementation of a peace treaty.

The political umbrella provided by the *Joint Understanding on Negotiations* was complemented by an economic track and increased financial commitments from the international donor community. Mr. Tony Blair was appointed Quartet Special Envoy in the summer. The summit in Annapolis was followed by a donor conference in Paris in December where the donor community expressed its commitment to contribute to building a Palestinian state. The total pledges exceeded Palestinian expectations and reached 7.6 billion USD.

In spite of the efforts to relaunch the peace process, little tangible progress had been achieved in the bilateral negotiations by the end of the year. Furthermore, the situation on the ground continued to deteriorate. Obstacles to movement and access remained. The isolation of the Gaza Strip was tightened and Qassam rockets continued to be launched from the Strip. Settlement expansion, the building of the Separation Barrier and Israeli military incursions continued in the oPt.

### **2.2.2 The Palestinian political arena**

Under Saudi patronage, Fatah and Hamas in February 2007 reached an agreement in Mecca to establish a National Unity Government (NUG). The NUG was formed in March. While the NUG's political program represented a step towards fulfilling the Quartet requirements as formulated on January 30, 2006, it fell short of explicitly meeting all three conditions ("...*Government's commitment to the principles of non-violence, recognition of Israel, and acceptance of previous agreements and obligations, including the Road-map.*"). Donor funding through the Palestinian Government was therefore not revived as a result of the NUG.

The internecine clashes between Fatah and Hamas were intensified during spring and early summer. In June, the official security forces in Gaza were defeated by the military wings of Hamas. The President dismissed the NUG and established an Emergency Government. In July, pending approval from the defunct Parliament, a caretaker Government under the leadership of Prime Minister Salam Fayyad came in its place. The President demanded a return to *status quo ante* in Gaza as a precondition for dialogue with Hamas. These preconditions were refused by Hamas. Instead, Hamas consolidated its grip on power in the Strip by means of gradually taking over strategic PA institutions. At the end of the year a political stalemate characterized relations between the Hamas leadership in Gaza and the Government based in the West Bank.

### **2.2.3 Human Rights**

Israel continued to violate human rights and international humanitarian law throughout 2007. Violations included extra-judicial killings, the use of indiscriminate and excessive military force that inflicted a great deal of suffering on Palestinian civilians. Freedom of movement was severely restricted due to the construction of the Separation Barrier, the ever expanding number of road blocs and the policy of isolation adopted vis-à-vis Gaza. The number of Palestinian detainees in referred to as security prisoners continued to be high. Israeli human rights organizations reported that Palestinian prisoners under certain circumstances were subjected to treatment amounting to torture.

In Gaza, Hamas gradually imposed far-reaching restrictions on the freedom of speech, the freedom of the press and the freedom of association. Hamas executed members of the PA security forces following its takeover of Gaza. In addition, hundreds of Fatah supporters were imprisoned and often mistreated and tortured. The PA authorities arrested Hamas sympathisers in the West Bank and reports of mistreatment and torture were frequent.

Due to the economic depression in the oPt and the PA's institutional weakness, the year witnessed a further deterioration of the economic, social and cultural rights.

### **2.2.4 Democratic Governance**

In June President Abbas announced a State of Emergency and appointed an Emergency Government. After 30 days, the State of Emergency was lifted and the Emergency Government was replaced by a Caretaker Government. Hamas contested the legitimacy of both Government's, but the Caretaker Government was recognized by the international community and remained in power at the end of the year. Due to the paralysis of Parliament, the President, citing article 43 of the Basic Law, governed by decree. Hence, there is no legislative supervision of the executive and no legislative process involving Parliament is taking place.

In early autumn a new election law was adopted by decree. The previous electoral system was composed of a mix between the proportional and majority systems whereas the new electoral law introduced a fully-fledged proportional system. In addition, the new law stipulated that all candidates contesting the elections must recognize PLO's political program that is in line with the Quartet conditions (see above). A new political parties law was also adopted in the autumn.

## **2.3 Ongoing or Risk for Internal or External Conflicts**

Following its defeat in the Gaza Strip, the PA arrested numerous Hamas supporters in the West Bank. Confrontation between the PA and various



Palestinian militant groups occurred on a regular basis in the West Bank.

Israeli military incursions continued throughout the year in both the Gaza Strip and the West Bank.

## **2.4 Poverty Reduction: Overall Trends and Perspectives**

Reducing poverty is the responsibility of the recipient governments. The case of the oPt in 2007 is somewhat unique, since all three<sup>2</sup> Government's were trying to function under Occupation. Although the PA does not have a Poverty Reduction Strategy, the issue of increased poverty was addressed in the Medium Term Development Plan 2006–2008.

The international community is committed to achieving a reduction in levels of hunger and poverty through the Millennium Development Goals (MDGs). These goals reflect a growing consensus that poverty alleviation should be the primary goal of development policy for donor countries. But in reality, several donors' role in the oPt has been reduced to that of providing humanitarian or emergency assistance, with development put on hold pending a political outcome. Sida's approach to poverty is not limited to income but many of the implemented programs supported human rights, democratic principles, support and development of the local capacity.

### **2.4.1 Poverty statistics and location**

Before the start of the second intifada (uprising) in September 2000, poverty in oPt was 19%. Due to Israeli occupation measures accompanied by deterioration of the security environment - the Separation Barrier and Settlements -, and the closure regime, all had a negative effect on the level of poverty in the oPt.

Among the central human security related issues of relevance are:

- the lack of access to fresh water (domestic use and agricultural)
- lack of access to medical care and schools
- food shortages
- lack of employment

According to a late UNDP report of July 2007<sup>3</sup>, a majority of Palestinians, 58%, live below the income poverty line<sup>4</sup>, and about half of them, 30%, live in extreme poverty. Extreme poverty is when a household of two adults and four children live on NIS 1,000 (US\$250.6) per month or less, about NIS 5.5 (US\$1.38) a day per person. In real numbers, a poverty rate of 58% means that out of the estimated 3,762,000 Palestinians in the oPt, about 2,182,000 live in poverty. Of those, about 1,128,600 live in extreme hardship.

In the Gaza Strip, 70% of households live below the poverty line, while 56% of West Bank households and 19% of East Jerusalem households live below the poverty line. Some 42% of households in the Gaza Strip live in extreme poverty, more than ten times the number of the extremely poor in East Jerusalem, 4%. In the West Bank, 26% of households live in extreme poverty.

Within the West Bank, the poverty rate is slightly higher in the north<sup>5</sup>,

<sup>2</sup> PA had three governments in one year: Hamas government until March 2007, National coalition government until June 2007 and Care taker government led by PM Fayyad up to date.

<sup>3</sup> UNDP Development Times, Issue 1, July 2007 "Poverty in the occupied Palestinian territory 2007".

<sup>4</sup> Below the poverty line: Households of 2 adults and four children with a monthly household income of approximately NIS 2,000 (US\$501.2) or less fall below the poverty line.

<sup>5</sup> Due to different factors, among them closure regimes, check-points and separation barrier.

59% (Nablus, Jenin, Toubas, Salfit & Tulkarem), than in the south, 56% (Hebron area). The poverty rate is lowest in the central West Bank (Jerusalem, Ramallah & Bethlehem).

Although Gazan households are generally poorer than households in the West Bank, some governorates in the northern West Bank, such as Toubas, Salfit, Tulkarem and Qalqilya suffer poverty levels similar to the Gaza Strip, where poverty is most prevalent and severe in the governorates of Khan Younis and North Gaza.

#### **2.4.2 Closure and restriction of movement**

In the West Bank, the closure regime continues to impede access to workplaces, markets and to health and education services, the number of physical obstacles, including checkpoints, increased from 528 to 563 between January and September 2007. The Government of Israel (GoI) continues with construction of the Barrier, despite the advisory opinion of the International Court of Justice. Administrative and physical restrictions on West Bank Palestinians' access to East Jerusalem continues, and access to the Jordan Valley without permits is only possible through two designated checkpoints and by public transportation. Eligibility requirements for Palestinians entering the closed areas to the west of the Barrier in the northern West Bank continue to tighten, reflecting continuing restrictions on Palestinian development in Area C (60% of the West Bank). The expanding presence of Israeli infrastructure in the West Bank – settlements, outposts, military infrastructure etc – adds to the geographic, political and economic fragmentation of the oPt to the detriment both of present livelihood and future viability.

In the Gaza Strip, The Agreement of Movement & Access agreed between the PA and the GoI on 15 November 2005 did not bring significant progress in access in and out of the Gaza Strip. Israel basically closed all border crossing in and out of Gaza Strip and the crossing points remain closed with the exception of Kerem Shalom but for limited import of humanitarian goods. The entire population of 1.5 million became dependent on limited food, medicine and hygienic items.

### **2.5 PRSP and Swedish Development Cooperation in the West Bank & Gaza**

Palestine is not yet a sovereign country, but this has not prevented the Palestinian Authority from addressing the poverty and come up with plans to reduce poverty in the oPt, the latest example is the Palestinian Medium Term Development Plan (2006–2008). In the December 2007 Paris donor conference, the PA presented its Palestinian reform and development plan (PRDP)

### **2.6 Changes in Development Cooperation and Partnerships; Donor Coordination and Harmonisation, EU Development Cooperation**

The new coordination structure for oPt was approved at the Ad-Hoc Liaison Committee meeting (AHLIC) in London on 14 December 2005, with the aim to put the Palestinian Authority back in the driver seat and take ownership according to the Paris agenda<sup>6</sup>. Donors as well as Sweden found it difficult for the first part of 2007 up to the creation of the recognized

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<sup>6</sup> See for more information  
[http://www.lfd.ps/aid\\_structure](http://www.lfd.ps/aid_structure)

Salam Fayyad government to apply the Paris agenda in the context of the PA. Still Sweden, in full technical consultation with the PA, EU Member States and the donor community at large, engaged in coordination as follows:

1. EU Heads of Development Co-operations (HOC) meetings. These meetings are for EU Member States representatives and are chaired by the EU Presidency.
2. Some Local Development Forum (LDF) meetings<sup>7</sup>.
3. The Governance Strategy Group as a guest only.
4. The Social Development & Humanitarian Strategy Group as full member.
5. selected sub-groups deriving from the above groups like the sub-group on health and private sector development.
6. The EU Informal Humanitarian Policy Forum, also called the Friday Group.

Coordination and Palestinian ownership was compromised by the no contact policy of the international community vis-à-vis the Hamas led Government formed in March 2006. Sweden and other countries had contacts with the NUG formed in March 2007 as well as with the Emergency and Care-taker Governments, respectively, that followed the collapse of the NUG.

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<sup>7</sup> Ibid.

# 3. Swedish Development Cooperation- Overall Assessment of the Country Programme

## 3.1 Relevance of the Country Strategy in Light of Country Development

A new country strategy for WB/Gaza was decided in December 2006 and valid throughout the period. A General Agreement between Sweden and PLO was signed 19 April 2007 in Stockholm as a result of the adoption of a new country strategy by the Swedish Government for the period 1 January 2007 – 30 June 2008. The new Cooperation Strategy for 2007, was flexible and relevant enough to deliver development cooperation and humanitarian assistance to the beneficiaries within the oPt.<sup>8</sup>

## 3.2 Key Issues for Dialogue with Partner Country and other Partners

The major partner for dialogue for Swedish cooperation is the Palestinian Ministry of Planning. Two major consultation meetings took place (Sept.11.2007 & Nov.22,2007) which focused on review of the Swedish-Palestinian cooperation programme, status of on-going projects, obstacles and future cooperation. In the latter meeting, the PA requested direct Swedish support with the fiscal deficits occurred during 2006. Sida has not been able to meet such demands in 2007 for different reasons. Still Sweden was able to support the Palestinians through the Temporary International Mechanism (TIM), the Consolidated Appeals Process (CAP) as well as through existing bi-lateral programs.

## 3.3 Volumes and Disbursements

The Sida country allocation for West Bank/Gaza for 2007 was originally 170 MSEK but was increased by the end of the year to 205 MSEK. A total of 170 MSEK was disbursed during the year as some of the disbursements were delayed (ex MLDF).

Additionally, paid from Sida: humanitarian assistance 150 MSEK, support to Non Governmental Organisations (NGOs) 26 MSEK as well as 4,5 MSEK of regional funds.

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<sup>8</sup> For more on results, see " Resultatanalys av Sidas utvecklingssamarbete med Västbanken/Gaza (oPt) under 2005-2007

Disbursements from/decision by the Ministry for Foreign Affairs (MfFA):

UNRWA 242MSEK

- DCAF 2MSEK (disbursed in one tranche 2007 but used in 2008)

- Inter Peace 550 000SEK

*TIPH 12,4 MSEK*

*EUPOL COPPS 10,2 MSEK*

*EUBAM Rafah 9,4 MSEK*

*The total amount Sida and MfFA was 627 MSEK*

### **3.4 EU Integration and European Partnerships**

No further attempts to create a common EU-strategy for development cooperation was done during 2007. The most apparent partnership was the set up by European Commission with TIM (Temporary International Mechanism). Some member states has maintained their Development Cooperation and some not – but no major partnerships with others was done during the year.

# 4. Specific Country Programme Overview of the Swedish Development Cooperation

## 4.1 Country Strategy

A new country strategy was valid from January 2007 throughout the year.

## 4.2 Main Areas of Swedish Support

### 4.2.1 Humanitarian Assistance

Under the Fourth Geneva Convention Israel bears legal responsibility for the welfare of the Palestinian population. This includes the provision of basic humanitarian services as well as safeguarding the security of the local population. Over the past ten years, according to OCHA it is actually the PA that has fulfilled this role with the help of the international community. However the PA is currently unabale to provide basic services.

After the Israeli pulled out of Gaza and the aftermath of the Hamas elections which resulted in the suspension of direct donor assistance to the Government, the humanitarian needs became more evident. At the later stage with the creation of the National Unity Government in March 2007, direct donor support to the PA was not possible. The PA was not able to pay salaries, and poverty rates among PA civil servants increased sharply.

The United Nations Office of the Special Coordinator in the Occupied Territories (UNSCO) and the Office for the Coordination of Humanitarian Affairs (OCHA) reported that the UN is in no position, neither in terms of mandate nor capacity, to duplicate or replace the role and function of the PA. Still, the UN agencies and NGO's have expanded to a limited extent and scaled up their humanitarian operations. Due to Israeli restrictions on movement within the West Bank and between the West Bank and Gaza, delivery of aid has become more difficult and expensive. More importantly the effectiveness of the targeting of assistance has been reduced because of insufficient coordination with the PA.

This scaling up and the now limited access to the PA available to the donor community has led to Sweden further supporting UN multilateral agencies and major players in the CAP like UNRWA and UNICEF. Sweden's support to the CAP amounted 100 MSEK in 2007.

After the National Coalition Government collapsed in June 2007, the Israelis isolated the Gaza Strip which resulted in increased humanitarian needs. Sweden agreed to fund a food distribution scheme in Gaza through Islamic Relief Sweden. Sweden has continued as in the previous year to be engaged in policy dialogue and sharing of information to har-

monize its humanitarian assistance in the framework of the EU Informal Humanitarian Policy Forum (the so called Friday Group).

Follow-up and dialogue with UN and/or NGO's supported by the Consulate General to implement humanitarian interventions continued in 2007. The Consulate General took part in meetings with UNRWA both in Jerusalem and Amman on UNRWA reform (organizational development package). The purpose of the reform process is to further improve the efficiency of UNRWA. The Consulate General also organized several meetings for Swedish actors with UN-OCHA. The purpose was to encourage Swedish actors to coordinate their current or proposed humanitarian projects within the framework of the CAP.

A joint mission of Sida HQ (Humanitarian Division) and the Consulate General visited and had discussion with all its humanitarian project partners in October 2007.

Humanitarian agencies including Sida continue to face the dilemma as to whether to provide relief when Israel, as the occupying power, is obliged to ensure services to the Palestinian population under the Fourth Geneva Convention.

#### **4.2.2 Human Rights and Democratic Governance**

##### *Democratic Governance*

The inception phase of the Capacity and Institutional Building Project for the *Office of the President* was completed with all narrative and financial reports as well as an audit submitted. Based on the positive results from the first phase, support for another phase was agreed and a Joint Financial Arrangement was signed in mid April 2007 by Sweden and the other donors, Denmark, UK, Norway, and Italy. The aim of the support is to create a modern, efficient institution that is sustainable over the long-term, and capable of providing the President with high caliber professional advice and information. In accordance with the plan, the first six months of the implementation showed steady progress, for example the sign off by the President on an organizational chart for the OoP, development of job descriptions, senior level appointments for key OoP units, (e.g. Jerusalem and Legal Units), apparent high levels of buy-in from OoP staff on re-deployments (i.e. only 3 grievances noted during period), establishment of committee structures to aid the implementation of the project, fairly extensive training of staff to upgrade their skills and excellent implementation of financial management review report that was commissioned by the donors (i.e. 80% of recommendations achieved).

In view of the paralyzing situation of the PLC (Palestinian Legislative Council), *PICCR* (Palestinian Independent Commission for Citizens Rights) has continued to accommodate itself to new realities. A review by Prof Brian Burdekin in late May 2007 was very positive of PICCR's accomplishments to date.

##### *Human Rights*

Human rights violations by Israel and the Palestinian Authority are addressed by civil society organizations, which document violations, provide legal assistance to victims and promote respect for human rights on national and international level. Several organizations bring human rights violations to Israeli and/or Palestinian courts.

A few examples of results achieved by civil society actors supported by Sweden is, Musawa (Palestinian NGO supported by Sida) and a coalition of NGOs that convinced the Palestinian President to rescind a decree greatly widening the jurisdiction of the military judiciary and other de-



crees on the code of criminal procedure; the code of civil procedure; the code of the formation of the courts. They also led a successful lobbying campaign to convince the President to suspend the approval of a package of draft laws submitted to his office for approval by decree by the Chief Justice. This action seriously violates the principle of the separation of powers and would have resulted in weak and possibly dangerous legislation if approved.<sup>9</sup>

Another partner organization, Defense for Children International (DCI), provided legal representation to approx. 60% of Palestinian child prisoners in Israeli prisons. The children represented by DCI in this period were between 13 -17 years of age. 339 new cases were followed up, in addition to 112 cases that were carried forward from the previous year. DCI succeeded in closing 276 cases.<sup>10</sup>

Yet another partner organisation, HaMoked, has worked to redress the state of Israel's responsibility to the security of person and property under occupation, reaped rewards on behalf of several complainants. The most auspicious of which includes the award of over a million Israeli shekels to the family of a Palestinian prisoner who was beaten to death and tortured by fellow inmates without interference from the prison's guards; and the awarding of almost 50,000 shekels to a man who was brutally beaten by a settler while a soldier, who stood guard nearby, ignored his cries for help and refused to intervene on his behalf.<sup>11</sup>

The above mentioned organizations together with another 21 organizations, have been supported by Sweden and 3 other donors through the Common Donor Human Rights Secretariat, established in 2006. It was reviewed in May 2007. The review team's recommendation considered most practical by the donors was to "indigenize" the Secretariat and in effect remove CDC's role from Mu'assasat. At the end of July, CDC communicated to the Danish representative office that they were having financial problems and were looking at the possibility of closing down operations. On 25 July CDC informed the team leader at Mu'assasat that CDC was undergoing a restructuring and that no payments be made from their accounts. CDC was formally declared as bankrupt on 30 July 2007. All employees were fired. A liquidator in Denmark is currently investigating all the contracts of CDC, including the Mu'assasat programme.

The work of the Informal Working Group on Human Rights in the oPt continued under the co-chairmanship of Netherlands Representative Office and the Swedish Consulate General. The aim of the group is to work on the implementation of existing EU and UN guidelines with the aim of enhancing respect for International Human Rights Law; Exchange information on human rights violations in the oPt and discuss how violations best can be addressed; Provide input to the EU Heads of Mission as regards human rights infractions, including policy recommendations.

Women to Women (Kvinna till Kvinnas) programme has sought to network more actively with the donor community and other Swedish NGOs in Jerusalem. This is an important step to avoid duplication, improve transparency and sustainability of the projects. They support in total 10 organizations in opt with Sida funding, to promote women's organizing, women's participation in peace process, women's participation in decision making processes, women's psychosocial health and women's human rights and work against gender based violence.

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<sup>9</sup> Summary report on key achievements 2007, submitted by Musawa

<sup>10</sup> Summary annual report 2007, submitted by DCI

<sup>11</sup> Summary annual report 2007, submitted by HaMoked



#### 4.2.3 Health

The humanitarian crisis justified continued support to the Palestinian health NGO's already being supported. Sida's cooperation in the health sector has a long history in the oPt. During 2007, the main Swedish partners in this sector were Diakonia and Palestinagrupperna (PGS). These two organizations cooperating with several Palestinian health oriented NGO's, for example, Gaza Community Mental Health Programme (GCMHP) and the Palestinian Medical Relief Society (PMRS).

Sweden through its partners has contributed in a significant way to the sector of health and rehabilitation for a period of 15 years. PMRS runs 26 Primary Health Care (PHC) centers throughout West Bank (22) and Gaza strip (4), providing low cost or free of charge preventive and curative services. It also runs 19 laboratories, 1 school of community health for health workers and community teams, 2 physiotherapy centers, 1 chronic disease management and prevention centre, 5 centers for lending medical and assistive devices, 1 optometry centre, 11 oral and dental care clinics, 1 day care centre for children with disabilities, 4 community youth centers, and 6 community centers. It has 358 employees and around 48 000 volunteers.<sup>12</sup>

GCMHP provides mental health services to children, women and victims of organized violence and torture. In order to enhance the professional as well as non-professional capacity in dealing with mental health problems GCMHP continued a process that started in 2006, of becoming a knowledge based institution in contrast to focusing only on service delivery. This implies working closely with selected strategic partners, such as hospitals, schools, play groups, women centers, human rights organizations, community centers, etc, who in turn will be responsible for most of the services.

In addition to service provision and training, GCMHP carries out and facilitates a lot of research at their research department. The research is used direct the work of GCMHP as well as evaluating the impact of the outreach and clinical work. Several studies have been published in international scientific journals.

#### 4.2.4 Culture & Media

Support to Culture and Media is a part of Sweden's work for democracy and human rights and should be seen as a way to reach peace and state building. The perspective on culture cooperation is a long-term perspective. Children and youth are target groups and a special focus on girls' participation in the programs support the gender equality.

In an environment marked by violence and conflict the culture support gives intellectual development and gives access to alternative ways of expression and possibilities. The culture stimulates the creativity and creates critical thinking and reflecting children and youth. Cultural activities in conflict areas also contributes to a psychosocial processing of trauma and creates "space for normality" and humanity in extreme situations.

The support to culture includes education and access to music, drama, dance and music therapy as well as a children literature program. The support contributes to create prerequisite for the children's' development, to prevent conflicts and to support social change. This support can give a generation of children and youth the knowledge and strength to take upon them the responsibility to create the Palestinian state. The culture support is mainly channeled through Swedish organizations like Diakonia, Academy for Music and Drama in Gothenburg and the Drama Insti-

<sup>12</sup> PGS/PMRS/GCMHP application for support 2008-2010, with description of achievements from previous support

tute in Stockholm, for further cooperation with different Palestinian NGOs and ministries.

Sida's support to culture is unique amongst the donors in oPt as it takes off from a poverty perspective and promotes development of the Palestinian culture. The work is relevant as it gives possibility for local development of different ways of expression. The culture projects strengthens Palestinian identity, gives children and youth the tool to be a part of a greater connection and breaks the isolation.

Voices from homes and schools talk about better results in school and a calmer attitude at home with less violence. The youth has got other tools in the freedom fight, a non-violence resistance focused on a development of cultural expression and communication. A long-term support can also create job possibilities for youth as grown ups to work within the music production, dance or drama.

The Media program through the Institute for Further Education for Journalists, FOJO, in Kalmar, in cooperation with Birzeit University's Media Development Center (BZUMDC) is supporting democratic processes focused on peace- and state building. The right of speech and the right of free information are the grounds for the support, which is mainly aimed to young journalists and includes education, exchange, capacity development and institutional building. The support aims at creating prerequisite for public debate and opinion building.

Totally 22 courses were held (consisting of 38 weeks). Few international trainers can enter or leave Gaza, so the courses will have to be led by local talent. Therefore a Gaza coordinator has been recruited and an office has been set up in Gaza. 4 courses have been held during 2007 and 8 new courses are planned for 2008. That is the largest number of courses ever held in Gaza in one year.

Fourteen issues of the periodical Al-Hal were produced during 2007. Even if BZUMDC has experienced great difficulties with distribution, 3,000 of each periodical have been delivered to Gaza and 5,000 to cities in the West Bank. Al-Hal has been taken up a number of political and social issues that have never before been addressed by the local media.

#### **4.2.5 Employment Generation**

In May, a 34 MSEK programme for *employment generation through cultural heritage restoration* was launched involving Riwaq – Centre for Architectural conservation, Hebron Rehabilitation Committee (HRC) and the Bethlehem Centre for Cultural Heritage Preservation. A two-day seminar was held with about 40 participants from cultural heritage organisations in Sweden and Palestine, PA, and international agencies attended. The previous support to these organisations was finalised and the final results show that 130 000 direct working days were created at a cost of 36 MSEK. The renovated buildings and environments are today in use as community centres, merchant quarters, libraries, youth organisations, schools, kindergartens, women centres. The new programme involves joint activities and closer cooperation between Palestinian actors in this field, and closer cooperation between the cultural heritage organisations and local authorities.<sup>13</sup>

A specific project is ongoing with Welfare Association, targeting *East Jerusalem*. During recent years, life in East Jerusalem has become increasingly difficult for the Palestinian population. Causes include the erection of the Jerusalem Separation Barrier, increased movement restrictions and strict enforcement of rules separating East Jerusalem residents from the West

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<sup>13</sup> Sida INEC: Assessment Memo Employment Generation through Cultural Heritage Preservation in the Occupied Palestinian Territories 2007-2008, May 2007

Bank, restriction on/demolition of Palestinian housing, expansion of Israeli settlements, as well as the poor provision of municipal services to the population in East Jerusalem. The Swedish support involves labour intensive restoration of historic buildings and urban environments in the Old City, which after restoration will be used for services and activities for children and youth. Until end 2007, 10 projects have been initiated, involving restoration and upgrading of clinics, schools, kindergartens and playgrounds in the old city.<sup>14</sup>

#### **4.2.6 Infrastructure**

The cooperation within the infrastructure sector presently involves water and energy. Sweden and Sida have been requested to continue its support to the water, energy and municipal infrastructure sectors. Sida has decided to support the Municipal Development and Lending Fund, and continue its cooperation with the Palestinian Water Authority in Gaza. The ongoing energy cooperation may lead to broader sector cooperation involving several donors. In August, the Infrastructure Strategy Group within the Local Development Forum was reactivated by its co-chairs US Aid and PA.

##### *Energy*

There continues to be needs to restore the Palestinian electricity system, which is outdated, with low and unsafe technical standards and extensively damaged by IDF, and with a high dependency on Israel for power supply. The Energy Sector programme, in which Sweden is a silent partner to Norway, continues until end 2007. Palestinian Energy Authority, PEA has presented an Action Plan for the energy sector which involves financing needs of approximately 140 MUSD until 2010. Sweden/ has, along with other donors, been requested to contribute towards implementing the Action Plan. A Energy Sector Review by the World Bank confirms the priorities set out in the Action Plan.<sup>15</sup>

It has been agreed with PEA to aim at a closure of the uncompleted project construction of the high voltage transmission line in Gaza. Sweden has offered support to PEA in this process. The emergency support to PEA for installation of new transformers at the Gaza Power Plant was to a large extent finalized in 2006, although certain related works to increase efficiency are planned.

##### *Water*

For the cooperation with the Palestinian Water Authority in Northern Gaza, work has been extremely difficult due to very limited access to work sites and serious delays in getting permits and entry of material. A serious and tragic event in the period was the flooding of 27 March, 2007 when a temporary basin for waste water collapsed and flooded the nearby village Um Al-Nasir, killing 5 persons and causing hundreds of persons leave their homes. While the immediate humanitarian needs were met, remediation of the flooded areas is required, and a viable long-term solution is needed, to avoid further flooding. It is urgent that construction of waste water treatment plant starts, and that access to the site and inflow of construction material is facilitated. The tender for the new waste water treatment plant was launched in December 2006, but no bids were received. A new tender is

<sup>14</sup> Welfare Association: Cultural Heritage in Jerusalem: Restoration of Historic Buildings, Urban Environments Benefiting Children/ Youth Interim Report No 2, November 2007

<sup>15</sup> West Bank and Gaza Energy Sector Review, World Bank, March 2007

not likely unless access and security could be arranged, which requires assurance from the Israelis. For the bilateral cooperation, Sida has approved 25 MSEK for upgrading of drainage and sewerage in Northern Gaza.<sup>16</sup>

#### *Municipal infrastructure*

The Municipal Development and Lending Fund (MDLF) has undertaken work to implement a WB programme for interventions in municipalities, involving infrastructure improvements of an emergency nature but aiming at a more long-term systematic approach. In November 2007, Sida approved 35 MSEK support to the MDLF through the World Bank. The support is untied but expected to be targeted to Gaza municipalities.<sup>17</sup>

#### **4.2.7 Private Sector**

The private sector has been severely affected by the closure regime. In July, an agreement was signed with the Federation of Palestinian *Chambers of Commerce*, Industry and Agriculture, to continue the cooperation with all regional Palestinian Chambers of Commerce (with more than 50 000 member companies representing the majority of small businesses in Palestine). The aim is to enable training all Palestinian Chambers in financial management, quality assurance and trade policy skills. Due to internal problems, the project was halted in December 2007, and a restructured and re-orientated project is expected to start spring 2008.<sup>18</sup>

During the later half of 2007, Sida has looked more closely into PSD issues in Palestine, through a financial sector review and an in-depth study of PSD and trade in preparation for the Country Strategy.<sup>19, 20</sup>

#### **4.2.8 Support to the Peace Process & Conflict Resolution**

In January 2007 a new project in support of the Negotiations Support Unit of the Negotiations Affairs Department of the PLO was commissioned. The project builds on the support donors have provided since 1999 to assist Palestinians to negotiate a permanent solution to the conflict with Israel. The purpose of the project is to progress towards a negotiated two-state solution and its goal is a viable, just, lasting and comprehensive two-state solution to the Israeli-Palestinian conflict on the basis of a negotiated settlement. The experts in the NSU have been instrumental in providing the Palestinian leadership with advice in the context of the resumed peace negotiations in preparation of, and following, the peace summit in Annapolis in November 2007.

Support to various forms of dialogue platforms between Israelis and Palestinians continued as did similar projects to promote dialogue between different Palestinian groups.

Support to the Palestine International Business Forum (PIBF) was evaluated in 2007 by the Stockholm Group of Development Studies. The project has succeeded to generate a platform for networking for economic growth and peace building. The main activity is constituted by a series of meetings that bring Palestinians, Israelis and Swedish industrialists and business people together.<sup>21</sup> Based on the evaluation, Sida has decided to continue its support to PIBF with 20 MSEK 2008–2010.<sup>22</sup>

<sup>16</sup> Sida INEC: Assessment Memo: Support for the Storm Water and Sewerage Programme in Northern Gaza, November 2007.

<sup>17</sup> Sida INEC: Assessment Memo: Support for the "Emergency Municipal Service Rehabilitation Project, Phase 2 through the Palestinian Municipal Development and Lending Fund, 2007-2008. November 2007.

<sup>18</sup> Agreement between Sweden and the Federation of Palestinian Chamber of Commerce, Industry and Agriculture, July 2007

<sup>19</sup> Review of the Financial Sector in West Bank and Gaza, Oxford Policy Management, September 2007

<sup>20</sup> PSD and trade in West Bank and Gaza, Memo, Sida INEC Market division, December 2007

<sup>21</sup> Evaluation of Palestinian International Business Forum 20065-2006, Krister Eduards and Åsa Hydén, Sida Evaluations 07/14

<sup>22</sup> Sida Asia Department Decision 870, January 2007

#### **4.2.9 Support to TIM and similar**

During 2007, 65 MSEK has been disbursed to the Palestinian Authority - 20 MSEK direct to the Mirror Single Treasury Account of PLO and 45 MSEK through TIM (The Temporary International Mechanism). The funds have been used for salary payments to civil servants and specially low income cases.

# 5. Office and Administrative Issues

## 5.1 Work on Quality assurance

An updated Standard Order/Working Procedures has been finalised during 2007. The special designed Quality Assurance LIS reports are used at the consulate on a regular basis for the program officers to update the information in PLUS. The main focus of the QA (Local Project Committee), within the Development Cooperation Section, was on at least Seven different initial assessments and on some in-depth assessments.

## 5.2 Current Resources and Staffing

The CG was during the year facing a problematic financial deficit. It has lead to a negative impact on the working environment. The development cooperation workload at the Consulate General has increased during 2007 due to increased demands from Sida-Stockholm and the Swedish Foreign Ministry regarding reports and information in combination with a non coordinated environment with the Palestinian Authority and other donors.

## 5.3 Changes during the year, Bottlenecks, Major Events at the Consulate General

The political turbulence and events during the year influenced all aspects of the work, but particularly the development cooperation in Gaza, with less frequent contacts and a continuing shift of direction towards activities of an emergency nature. For the development section, much of the work during the later part of 2007 concerned preparatory work the new cooperation strategy, including a Country meeting in November and several preparatory missions. Efforts towards increased donor coordination and work within the Local Development Forum also took up during the autumn, as a result of the political development and the preparations for the Paris donor conference. Rotation of the posted staff at the CG meant that there were three programme officers for human rights and democratic governance over the year.

# Annex 1:

## Basic Facts- West Bank and Gaza

Area, km2: West Bank	5 800
Area, km2: Gaza	365
Population 2004, millions	3.8
Expected population 2010, millions	5.0
Population growth per annum (per cent)	3.0
Per capita GDP	1203.4
Average per capita GDP/annual growth 1990-2003 (per cent)	-6
Total aid from all countries, million USD, 2003	971.6
Total aid as proportion of GDP, 2003 (per cent)	28.1
Adult literacy (per cent)	91.9
Number of doctors (per 100,000 population)	84
Life expectancy at birth (years)	72.5
'Access to adequate sanitation (per cent of population)	76
Access to clean water (per cent of population)	94
Ranking in Human Development Report 2005 (out of 177 countries)	102
(Sweden 6 th)	

Source: Human Development Report 2004 (the last available report)  
Available information from other sources in oPt, like Passia, OCHA, WB, is also not updated.

# Annex 2:

## Current Planning Overview

### L109 Country report - Palestinian Administrated Area

#### Outcome and forecast in TSEK

Delimitation:

Status: I, P, A and C

Region/Country: Palestinian Administrated Area

Other: (agr end > 200700 or Outcome <> 0)

Responsible Unit		(All)				
			Data			
Allocation Frame	Allocation Account	Main Sector	Outcome 2007	Outcome 2008	FC 2008	FC 2009
Inside country allocation	15518 West bank / Gaza	01 Health	19 493	21 000	28 500	26 800
		04 HR & Democratic governance	56 203	70 200	87 039	29 950
		05 Conflict, peace & security	55 221	2 330	9 599	6 000
		07 Infrastructure	25 323	3 000	94 149	59 000
		08 Trade, business & fin. syst	4 000	3 250	8 500	12 500
		09 Natural resources&environm.	0	0	10 000	0
		11 Other	9 474	2 080	3 837	100
		(blank)	0	0	5 950	3 600
	15518 West bank / Gaza Total		169 714	101 860	247 574	137 950
Inside country allocation Total			169 714	101 860	247 574	137 950
Outside country allocation	155191 MENA, regional	11 Other	2 043	0	0	0
		155191 MENA, regional Total		2 043	0	0
	155311 Global Dev. Programs, INEC	02 Education	0	0	150	150
		155311 Global Dev. Programs, INEC Total		0	0	150
	155341 Global Dev. Programs, PEO	05 Conflict, peace & security	0	0	0	0
		155341 Global Dev. Programs, PEO Total		0	0	0
	15561 Non-governmental organisations	01 Health	1 252	422	811	574
		02 Education	2 703	1 087	2 067	1 941
		04 HR & Democratic governance	16 278	1 577	2 997	1 103
05 Conflict, peace & security		666	17	34	37	
07 Infrastructure		424	228	414	0	
08 Trade, business & fin. syst		535	171	324	106	
09 Natural resources&environm.		2 056	1 054	1 942	147	
11 Other		2 108	106	228	163	



<b>15561 Non-governmental organisations Total</b>		26 022	4 663	8 817	4 070
15571 Humanitarian assistance	05 Conflict, peace & security	336	0	0	0
	06 Humanitarian assistance	149 880	111 097	151 399	6 100
<b>15571 Humanitarian assistance Total</b>		<b>150 216</b>	<b>111 097</b>	<b>151 399</b>	<b>6 100</b>
15732 Peace-promotion activities	04 HR & Democratic governance	0	0	0	0
<b>15732 Peace-promotion activities Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
15734 Peace-promotion activities abroad	05 Conflict, peace & security	0	0	0	0
<b>15734 Peace-promotion activities abroad Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
15735 Peace-promotion activities	04 HR & Democratic governance	0	0	0	0
<b>15735 Peace-promotion activities Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
23494 Settlement, TIPH, MfFA	05 Conflict, peace & security	12 453	47	0	0
<b>23494 Settlement, TIPH, MfFA Total</b>		<b>12 453</b>	<b>47</b>	<b>0</b>	<b>0</b>
23497 Settlement, MfFA EU-missions	05 Conflict, peace & security	1 745	0	0	0
<b>23497 Settlement, MfFA EU-missions Total</b>		<b>1 745</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Outside country allocation Total</b>		<b>192 479</b>	<b>115 807</b>	<b>160 366</b>	<b>10 320</b>
<b>Grand Total</b>		<b>362 193</b>	<b>217 666</b>	<b>407 940</b>	<b>148 270</b>

# Annex 3:

## List of Reports/Documents of Strategic Importance for the Preparation of the Sida 2007 Country Report

*Ad Hoc Liaison Committee Meeting: Macroeconomic and Fiscal Development in the West Bank & Gaza*, September 2007, New York.

Al-Aref Jamal: *A mid Term Review Study for the assessment of Procurement, Employment and Contract Administration Aspects in the Sida Financed Cooperation on Job Creation with the Hebron Rehabilitation Committee for the Rehabilitation of Infrastructure of the Old City of Hebron*, Evaluation, March 2007.

Barghouthi, A. Gustafson, R, *Evaluation of the Humanitarian Assistance to Palestinian Farmers Project (HAP2) in Palestine for the period 2005-2007*, Final Report, September 2007.

Eduards Krister and Hydén Åsa: *Evaluation of Palestinian International Business Forum 2005-2006*, Sida Evaluations 2007.

House of Commons International Development Committee: *Development Assistance and the Occupied Palestinian Territories Report 2006-2007*.

Humanitarian Policy and Conflict Research Harvard University, *Assessment of Swedish Humanitarian assistance to the Occupied Palestinian Territory 2000-2007*, December 2007.

IMF: Report Paris Donor Conference on December 17, 2007.  
Institute of Public management (IPM), *Evaluation of Kvinna till Kvinna's Programme in the West Bank and Gaza, 2002-2006*, January 2007

IMF: *Macroeconomic and Fiscal Developments in the West Bank and Gaza*, 2007-09-24, New York.

Oxford Policy Management: *Review of the Financial Sector in West Bank and Gaza*, background Paper for the Proposed New Swedish Cooperation Strategy , November 2007.

Sida: *Conflict- and poverty analysis in the occupied Palestinian territories (oPt) and its relevance for the Swedish cooperation strategy with oPt*, January 2008.

Sipu International: *"A study of Swedish support to Culture in the West Bank and Gaza"*, November 2007.

UNDP: “ *Poverty in the occupied Palestinian territory 2007*”, Development Times, Issue 1, July 2007.

OCHA, *East Jerusalem, The Humanitarian Impact of the West Bank Barrier on the Palestinian Communities*, Update No 7, June 2007.

OCHA, *The Humanitarian Impact on the Palestinians of Israeli Settlements and other Infrastructure in West Bank*, United Nations, July 2007

OXFAM, *Poverty in Palestine: the human cost of the Financial Boycott*, April 2007

World Bank: *West Bank and Gaza Investment Climate assessment: Unlocking the Potential of Private Sector*, March 2007.





*Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.*



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