



Canadian International
Development Agency

Agence canadienne de
développement international

WEST BANK AND GAZA STRATEGY

(Effective as of 2009)

CIDA reviews all
strategies periodically and may
revise them to reflect changing
priorities or circumstances.

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Canada 

1. Development Context

Current Context

- Development in West Bank and Gaza is tied directly to the Israeli-Palestinian conflict.
- Restrictions on access and movement and the internal Palestinian conflict have led to significant deterioration in the lives of the Palestinians.
- West Bank and Gaza is highly dependent on aid and is the highest per capita aid recipient in the world. Aid comprised 35 per cent of the Gross National Income in 2006.
- A large portion of the population lives in poverty. Due to the closure of Gaza, the official poverty rate (monthly consumption of less than US\$572 for a six-person family) in the coastal strip reached 51.8 per cent in 2007; the rate in the West Bank was 19.1 per cent. (No data for the poverty indicator of \$1 a day is available for West Bank and Gaza.)
- Despite large aid flows, local dynamics related to the conflict with Israel and among Palestinian factions have led to negligible changes in progress towards the Millennium Development Goals.
- In 1999, Canada signed the Joint Canadian-Palestinian Framework for Economic Cooperation and Trade. According to DFAIT, current bilateral trade with Canada is modest. No specific data on the amount of trade with Canada is available.
- Although public financial management has improved with better transparency in employment and public tendering, further improvements are needed to meet international standards.
- Regional political instability and violence continue to have a large impact on security and the capacity of the PA to maintain law and order. While the security situation is improving, at least in the West Bank, it remains far from optimal.
- Following the 22-day conflict between Israel and Hamas in January 2009, the international community responded to the critical humanitarian and reconstruction needs in Gaza.
- There is uncertainty regarding advancement in the peace process. The outcome of talks between Fatah and Hamas is also uncertain. Still, the inclusion of Hamas, a listed terrorist organization in Canada, in any new government could have implications for Canadian programming.
- The new U.S. Obama administration has signalled its active engagement in the MEPP file. It has already embarked on several activities to accelerate the pace of peace negotiations. It is too early to judge the impact on Canada's programming.

Aid-effectiveness Context:

- The PA has taken ownership of the development process by working with the World Bank and the International Monetary Fund to establish the Palestinian Reform and Development Plan (PRDP). More recently, it adhered to the Paris Declaration on Aid Effectiveness. At the working level, the PA has established sector working groups to ensure cooperation and information sharing among donors. Donors, including Canada, have also expanded on the work of these groups by being in constant contact and coordinating directly with each other (e.g. CIDA and the United States Security Coordinator (USSC) Mission headed by Lt-Gen. Keith Dayton and supported by DND and DFAIT).
- All donors are involved in governance and humanitarian assistance. In addition to these sectors of focus, donors have their own key focus areas: the United States on security, Arab countries on infrastructure, European countries on security or health and education, and the European Commission primarily on health and education, but also on security as part of its partnership with the United States.
- In their efforts to pursue the objectives of the Paris Declaration and the Accra Agenda for Action, donors have used various mechanisms (including the Quartet-championed Ad Hoc Liaison Committee for the Coordination of International Assistance to Palestinians and the Local Aid-Coordination Committee) to share information, avoid duplication, coordinate and align their support with assessed local needs. To facilitate the harmonization of their procedures, donors have three mechanisms through which they can provide budgetary support: the PA's central

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single treasury account, the World Bank's trust fund, and the European Commission's PEGASE mechanism.

- Canada is playing an active role through DFAIT on the security sector working group and through CIDA on the justice sector, fiscal sector, private sector and other working groups. CIDA's many consultations, its information sharing and active engagement in multi-donor activities, including its untied assistance to both the United Nations Consolidated Appeals Process (CAP) and the World Bank's multi-donor trust fund, have allowed CIDA to be an active player in donor coordination. CIDA is also looking to increase its field support by exploring options to decentralize its operations and using the Program Support Unit (PSU) in Jordan to provide logistical and administrative support to the Program, which does not have a PSU.

2. Priority Needs & Canada's Value Added

- **Palestinian Reform and Development Plan:** The Palestinian Authority's PRDP was developed through a bottom-up policy-making, planning and budgeting process. It is structured on a sector basis to encourage fiscal discipline and facilitate the prioritization and harmonization of policies, plans and resource allocation. It is designed to build ministry and agency level ownership and accountability. The PRDP is a three-year strategy for reform across four sectors – governance, social affairs, infrastructure, and the economy – and is rooted in the Palestinian National Policy Agenda framework.
- **Canadian Foreign Policy Objectives:** Canada has a long-standing presence in the Middle East. Over the years, Canada has confirmed its continued support for the MEPP and a two-state solution that would allow for the peaceful coexistence of a future Palestinian state with Israel. Support to refugees is also a clear priority of the Canadian government and was demonstrated by Canada's role as the gavel holder of the multilateral refugee working group. Although the activities of this group were officially suspended in 1996, Canada continues to deliver on its priority by leading the international Refugee Coordination Forum. Canada is also sensitive to Israel's security concerns and has chosen to address them as part of its overall support for the MEPP, the USSC and the PRDP. Since Canada's current commitment to the PA is conditional upon advancement in the MEPP and the pace of Palestinian reform, CIDA's programming and that of other government departments, including DFAIT, could change direction following a foreign policy decision to do so. As well, the involvement of Hamas in any new PA government could lead to changes in Canadian programming in line with Canada's foreign policy and anti-terrorism laws.
- **Priority Needs for West Bank and Gaza:** These needs are outlined in the PA's comprehensive PRDP. Following a positive assessment of the plan, consultations with key stakeholders, and consideration of the perspectives of the poor, CIDA chose areas of intervention that meet international human rights standards and draw on Canada's value-added, Canadian foreign policy objectives, the security concerns of Israel and the Palestinians, CIDA's expertise, and the need to reduce poverty. To ensure a continued comprehensive analysis of its programming, CIDA will also embark on consultations with the Palestinian Diaspora in Canada.
- **Canada's Value Added:**
 - **Economic Growth and Sustainability:** Poverty rates in the West Bank and Gaza have increased markedly due to several factors including: a weak private sector, weak business legislation, and the impact of restrictions on access and movement and trade. As a small, trade-dependent economy, Canada has considerable expertise in economic development and trade policy, and business regulation.
 - **Stability and Security:** A peaceful democratic Palestinian state that lives in peace with Israel will help solve one of the longest standing conflicts in the Middle East. The resolution of the Israeli-Palestinian conflict would serve as the basis for peace between Israel and its other neighbours. Canada's longstanding commitment to such a peaceful resolution makes us a trusted partner of both sides. This includes support to resolving the issue of Palestinian refugees.
 - **Other (Justice Sector Reform):** The PA needs to implement much-needed justice sector reforms to demonstrate accountability, build efficient institutions and meet the priorities of a

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future stable and peaceful Palestinian state, and allow the PA to meet Palestinian obligations under the Roadmap for Peace. Canada is known for its accountable and effective public sector, expertise in the rule of law, and experience with two legal traditions (common and civil law). This makes Canada well qualified to support the Palestinian justice sector, which is influenced by these same traditions.

- **Whole-of-Government Approach:** CIDA ensures that it meets the goals and objectives of the Canadian government and thereby collaborates closely with other government departments (DFAIT/GPSF, Justice Canada, RCMP and PCO). This approach is not based on formal structures, but successfully relies on a high degree of cooperation among Canadian government departments and agencies at both the working and official levels at headquarters and in the field.
- **Environment & Gender Equality:** Gender equality and the environment are two areas where improvement is needed. The Program will help create a gender unit in the Ministry of Justice and is developing a gender strategy to guide programming development. The Government has decided that strategic environmental assessments would be completed as required for individual projects and programs that are to be undertaken. CIDA will continue to ensure that environmental issues are dealt with accordingly, especially when related to infrastructure projects.

3. Strategic Direction

- In line with Canadian objectives, CIDA's programming is intended to contribute to the establishment of a future Palestinian state as part of a comprehensive peace settlement. To that end, CIDA is ultimately working towards increased confidence in the rule of law, economic security and improved living conditions of and for Palestinians. CIDA's non-humanitarian programming is limited to the West Bank. As for Hamas-controlled Gaza, CIDA only funds humanitarian projects using trusted partners.
- **Canadian Government Priority Themes:** Canada's commitment at the December 2007 Paris Donors' Conference in Support of Palestinian Reform and Development (and CIDA's Engagement Strategy) highlighted security, governance, prosperity and humanitarian assistance. CIDA's five-year (2008/09 – 2012/13) \$250M bilateral program with its focus on justice sector reform, private sector development, and humanitarian assistance is aligned with the Government's three priority themes. By working through approaches that are top-down (budgetary support and justice sector reform) and bottom-up (humanitarian assistance and private sector development) CIDA is improving the impact of its assistance and helping Palestinians respond more comprehensively to the global economic crisis and food security issues.
 - **Economic Growth:** By supporting private sector development, CIDA will help stimulate sustainable economic growth and increase the food security of the Palestinians. The Palestinian private sector faces many internal and external challenges ranging from issues related to access and movement to a very weak legal and regulatory regime. In developing its program, CIDA will focus on the needs identified in the PRDP by enhancing the legal and regulatory environment that will enhance economic growth by providing small and medium enterprises with the opportunities to grow their businesses. The program will also help enhance the ability of businesses to reach new markets by improving the capacity of the Palestinian institutions that provide trade support.
 - **Food Security and Children and Youth:** Through humanitarian assistance, CIDA will help increase food security and secure the future of Palestinian children and youth. The conflict with Israel, issues surrounding access and movement, as well as internal Palestinian infighting have taken their toll on the general population. As part of its commitment to Palestinians, including refugees, CIDA will continue to explore possibilities of providing humanitarian assistance through various organizations, including those that participate in the UN CAP for West Bank and Gaza, and through support to UNRWA.
 - **Other (Justice Sector Reform):** CIDA is building on Canada's history of support to security sector reform through its involvement with the USSC Mission, and the need to ensure that the interlinked justice and security sectors are both supported. Programming concentrates on enhancing the capacity of public sector security and justice institutions to increase peace and

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- security and improve respect for the rule of law. It is doing so by providing assistance to build courthouses, strengthen the prosecution services and the Office of the Attorney General, improve forensic and crime scene investigation services, and train judges. These initiatives will help respond to the requirements identified in the PRDP, the need for the PA to build accountable and effective institutions, and the limitations that are prevalent in the justice sector: weak and inefficient governance structures in the security and justice sector, overlapping roles and responsibilities amongst institutions, and insufficient justice-related infrastructure. CIDA's contribution will also help clear the court-case backlog, build public confidence in judicial institutions, and strengthen rule of law. As a consequence of Canadian efforts to improve rule of law and the public's confidence in the justice system, CIDA is helping to improve the environment within which investment and economic growth can flourish.
- CIDA's assistance ensures programming synergies with direct links between the enhancement of rule of law and the business-enabling environment on the one hand, and between reduction of poverty, increased governance capacity, and reduction in the vulnerability of the Palestinians on the other.
 - **Achievements in 2008-2009:** Following the November 2007 Annapolis Middle East Peace Conference and Canada's December 2007 Paris Donors' Conference commitment, the Program re-oriented its operations. In developing its programming, CIDA held many consultations with the PA and various other donors, including Dayton's USSC Mission. The Program has already developed and approved projects related to prosecution, and advanced in developing the courthouses and forensics components of the justice sector strategy. The private sector development strategy is currently in the finalization stage. CIDA has also provided the PA with budgetary support that has allowed it to meet its financial obligations for the second half of 2008. In 2008, CIDA's humanitarian assistance helped refugee students attend school, provided housing, emergency cash assistance for food and other essentials to vulnerable refugees, ensured that all refugees had access to quality basic services, and helped mitigate the impact of the various crises, including the Gaza crisis in January 2009.

4. CIDA's Programming Plan

- **Canada's Influence and Leverage:** Canada has played a role of influence and leverage through its engagement in the Advisory Commission of the United Nations Relief and Works Agency (UNRWA) and through Ad Hoc Liaison Committee meetings, visits by Government of Canada officials, international events and fora, local working groups and meetings, and its work with Canadian and local organizations that contribute to enhancing peace. Canada has ample opportunity to continue its influence and leverage through these processes. With regard to the security and justice sector, Canada can continue to gain influence and leverage as a key player at both, the working group and operational levels.
- **Bilateral:** Given the challenging and uncertain environment, a mixture of directive and responsive programming will be used for security and justice reform and private sector development. Responsive programming will be used for humanitarian assistance.
- **Canadian Partnership Branch (CPB):** Since 2004, yearly disbursements by CPB have averaged \$1.6M with initiatives that are complementary to the work of the Bilateral program and that fall into the following sectors: governance, private sector development, health, basic education, peace and security, and environment. As of April 2009, CPB had seven partners with eight operational projects/programs with a total value of \$7.3M.
- **Multilateral and Global Partnership Branch (MGPB):** In 2006, responsibility for humanitarian assistance to Palestinian refugees was transferred to the bilateral program. In 2008/09, MGPB disbursed \$4.5M in humanitarian assistance to WFP and ICRC. For 2007/08, MGPB provided \$11.08M to West Bank and Gaza in core funding to multilateral and global organizations. Key organizations: UNDP, UNFPA, UNHCR (for aid to non-UNRWA registered refugees), the GFATM, UNICEF, WFP and ICRC.
- Programming through all CIDA channels reinforces Canada's commitment to Palestinians. All programming channels are interlinked, ensuring that all activities related to basic needs, private

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sector development, peace, good governance, and human rights serve the same ultimate outcome: to help establish a viable and peaceful democratic Palestinian state. These channels are also interlinked through measures that ensure compliance with Canadian anti-terrorism legislation and the need to work with large trusted partners. The choice of channel is always based on the optimal use of funds, risk assessment and mitigation, and aid effectiveness principles.

5. Results and Risks Identification

Results:

Economic Growth: Enabling Environment

EXPECTED Intermediate Outcomes:

- Increased level of economic productivity.

Examples of expected Immediate Outcomes, Outputs and Targets:

- Increased responsiveness and effectiveness of the policy and legal/regulatory framework leading to a more competitive private sector.

Economic Growth: Trade Promotion and Facilitation

EXPECTED Intermediate Outcomes:

- Increased level of economic productivity.

Examples of expected Immediate Outcomes, Outputs and Targets:

Increased local and international competitiveness of products and services.

Target: A minimum of 327 companies will increase their competitiveness and market access.

Food Security; Children and Youth; Security and Stability: Emergency Assistance

EXPECTED Intermediate Outcomes:

- Improved ability of Palestinians to cope with the physical, nutritional, social and economic aspects of crises.

Examples of expected Immediate Outcomes, Outputs and Targets:

Increased access to food, shelter and essential supplies.

Target: More than 1.7 million Palestinians will receive emergency aid (food, shelter and essential supplies).

Increased access to basic health, education and mental health services.

Improved opportunities to maintain livelihoods.

Justice Sector Reform (Governance)

EXPECTED Intermediate Outcomes:

- More transparent, equitable and predictable application of the rule of law that upholds human rights for men, women and children.
- Increased functional independence of justice sector institutions.

Examples of expected Immediate Outcomes, Outputs and Targets:

Increased safety and security of justice sector facilities.

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Target: A minimum of four courthouse and forensic lab facilities will be built.

Increased understanding and adoption of international norms and standards in the area of justice and human rights, including gender issues.

- The Program's key intermediaries are the various Palestinian ministries, as well as international multilateral and Canadian organizations. The ultimate beneficiaries are the Palestinians themselves and the PA.

Risks:

- a) Risks include the presence of Hamas and other Canadian-listed terrorist groups, political uncertainty, uncertainties in the peace process, security concerns and a conflict of varying intensity. To mitigate these risks, the Program will use a variety of programming modalities, experienced and trusted partners, and due diligence procedures to ensure that benefits reach intended beneficiaries. The Program will continue to monitor risks and prepare mitigation strategies through close cooperation across the Agency, with other Canadian government departments, with the Canadian Representative Office in Ramallah, as well as with other programming partners.
- b) Results can also be impacted by institutional weaknesses within the PA. To mitigate this risk, CIDA continues to consult the PA, coordinate with other donors, embark on field missions, gather relevant information from partners and other stakeholders, undertake needs assessment missions, engage in policy dialogue, and help enhance the capacity of institutions.