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U N C L A S S I F I E D

AGENCY FOR INTERNATIONAL DEVELOPMENT

Washington, D.C. 20523

PROJECT PAPER

West Bank and Gaza  
Democratic Understanding and Development Project  
294-0007

U N C L A S S I F I E D

PROJECT DATA SHEET

1. TRANSACTION CODE

A - Add  
 C - Change  
 D - Delete

Amendment Number

DOCUMENT CODE

3

2. COUNTRY/ENTITY

West Bank/Gaza

4. BUREAU/OFFICE

ANE/RI

3. PROJECT NUMBER

294-0007

5. PROJECT TITLE (maximum 60 characters)

Democratic Understanding and Development

6. PROJECT ASSISTANCE COMPLETION DATE (FACD)

MM DD YY  
 08 31 99

7. ESTIMATED DATE OF OBLIGATION (Under "B" below, enter 1, 2, 3, or 4)

A. Initial FY  94 B. Quarterly  C. Final FY  99

8. COSTS (\$000 OR EQUIVALENT \$1 = )

A. FUNDING SOURCE	FIRST FY 94			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	2,200	200	2,400	18,000	2,000	20,000
(Grant)	(2,200)	(200)	(2,400)	(18,000)	(2,000)	( )
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S. 1.						
Other U.S. 2.						
Host Country						
Other Donor(s)						
<b>TOTALS</b>	<b>2,200</b>	<b>200</b>	<b>2,400</b>	<b>18,000</b>	<b>2,000</b>	<b>20,000</b>

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1)						10,000		20,000	
(2)									
(3)									
(4)									
<b>TOTALS</b>						<b>10,000</b>		<b>20,000</b>	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 1 position each)

A. Code

B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

Palestinians establish democratic and legal institutions to strengthen accountability.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY  
 06 97 | | | | 02 99

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000  941  Local  Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page PP Amendment.)

17. APPROVED BY	Signature <i>George A. Lovelace</i>	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY
	Title Assistant Administrator, ANE	
	Date Signed MM DD YY	

## PROJECT AUTHORIZATION

Name of Country: West Bank/Gaza

Name of Project: Democratic Understanding and Development  
Project for the West Bank and Gaza Strip

Number of Project: 294-0007

1. Pursuant to Section 531 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Democratic Understanding and Development Project ("the Project") for the West Bank and Gaza Strip. The Project involves planned obligations not to exceed \$10 million over a five-year period from the date of authorization, subject to availability of funds in accordance with the USAID OYB/allotment process, to help in financing foreign exchange and local currency costs of the Project.

2. The Project consists of support for activities that will support establishment of formal democratic decision making processes at both the territorial and municipal levels; establishment of a fair and effective legal/judicial system; effective governance and strengthened civil society. Such support may include technical assistance, training, commodities, institution-building, grants to non-governmental organizations (NGOs) and other relevant activities.

3. Contracts, grants and other documents necessary to implement the project, which may be negotiated and executed by the officers to whom such authority is delegated in accordance with USAID Regulations and Delegations of Authority, shall be subject to the following essential terms and covenants as USAID shall deem appropriate.

### Eligible Source/Origin/Nationality:

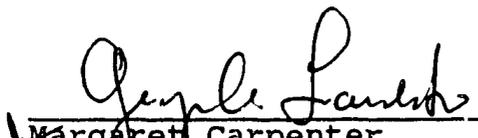
Except as USAID may otherwise agree in writing: (a) commodities financed by USAID under this Project shall have their source and origin in the United States, in countries benefiting from the project's activities, or other eligible developing countries; (b) except for ocean shipping, suppliers of services or commodities shall have the United States or eligible developing countries as their place of nationality; (c) ocean shipping financed by USAID shall take place only on U.S. flag vessels.

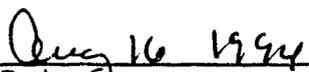
Except as USAID otherwise agrees in writing, all locally financed procurements must be covered by source, origin and/or nationality waivers as set forth in Handbook 1B, Chapter 5, with the following exceptions:

(A) Locally available commodities of U.S. origin, which are

otherwise eligible for financing, if the value of the transaction is estimated not to exceed the local currency equivalent of \$100,000 (exclusive of transportation costs).

- (B) Commodities of Geographic Code 935 Origin if the value of the transaction does not exceed \$5,000.
- (C) Professional services contracts estimated not to exceed \$250,000.
- (D) Construction services contracts estimated not to exceed \$5,000,000.
- (E) The following commodities and services which are available only locally:
  - (i) Utilities including fuel for heating and cooking, waste disposal and trash collection;
  - (ii) Communications -- telephone, telex, fax, postal and courier services;
  - (iii) Rental costs for housing and office space;
  - (iv) Petroleum, oils, and lubricants for operating vehicles or equipment;
  - (v) Newspapers, periodicals and books published in the Cooperating Country;  
and
  - (vi) Other commodities and services (and related expenses) that, by their nature and as a practical matter, can only be acquired, performed; or incurred in the Cooperating Country. e.g. vehicle maintenance, hotel accommodations, etc.

  
Margaret Carpenter  
Assistant Administrator  
Bureau for Asia and the Near East

  
Date

Project Authorization - August 1994  
West Bank/Gaza Strip  
Democratic Understanding and Development Project  
Project No: 294-0007

Drafter: ANE/ME/DPutman: 7/28/94

Clearances:

ANE/RI: RWhitaker	<u>RW</u>	Date: 8/15/94
ANE/RI: BMacDonald	<u>EM</u>	Date: 8/15/94
ANE/ME: FMachmer (substance)	<u>FM</u>	Date: 8/12/94
ANE/OR: FYoung	<u>FY</u>	Date: 8/15/94
GC/ANE: KHansen	<u>KH</u>	Date: 8/12/94
DAA/ANE: GLaudato	<u>GL</u>	Date: 8-15/94

cc: AAO/Gaza, Harry Birnholz  
AAO/Jerusalem, Karen Turner

**PROJECT PAPER**

**DEMOCRATIC UNDERSTANDING AND DEVELOPMENT PROJECT  
WEST BANK AND GAZA STRIP**

Project No. 294-0007

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## PROJECT PAPER

DEMOCRATIC UNDERSTANDING AND DEVELOPMENT PROJECT  
WEST BANK AND GAZA STRIP

Project No. 294-0007

## 1. SUMMARY AND RECOMMENDATIONS

Summary

Democracy and governance (D/G) issues lie at the heart of the Palestinian development problem at this historic juncture. USAID will support this process by weaving D/G themes throughout the assistance portfolio as well as through D/G-specific project activities. The USAID assistance program goal as well as that of the project is: "Palestinians provide for their own economic and social well-being." The democracy strategic objective as well as the purpose of the project is: "Palestinians establish democratic and legal institutions to strengthen accountability."

The Democratic Understanding and Development Project (DUADP) is a new initiative designed to provide a flexible framework for USAID's democracy and governance activities in the West Bank and Gaza (WB/G). DUADP is designed to meet both short-term needs and long-term sustainable development objectives. The project builds upon on-going activities with the International Foundation for Electoral Support (IFES), the National Democratic Institute for International Affairs (NDI) and AMIDEAST.

The four components consist of: 1) Elections; 2) Rule of Law (ROL); 3) Civil Society; and 4) Governance.

- **Elections:** Assistance for elections is a top priority for FY 94. USAID support will focus on public debate and civic education by providing workshops, training, technical assistance and materials development to Palestinian NGOs, the Elections Commission and citizens at large.
- **Rule of Law:** Initial assistance in the area of Rule of Law (ROL) will focus on the identification of needs across the legal and judicial sectors working with Palestinian professionals. This will lead to the design of long-term activities.
- **Civil Society:** A vibrant civil society is crucial for sustainable democracy. The project will build on the tradition of strong non-state

actors in the West Bank/Gaza and will focus on long-term strengthening and institutional development of these groups.

- **Governance:** The Palestinians face a tremendous challenge creating a new administration at both the local and central levels. Assistance will be provided in the areas of public administration and management to help create accountable, responsive and transparent institutions.

The outline of support to be provided under each component is described in this PP. The detailed design for each component will be developed using a process described in Section 7 of this paper. Anticipated life-of-project funding totals \$20 million over a five-year period. The project will be incrementally funded with a proposed initial obligation of \$2.4 million in FY 94. Additional obligations will depend on funding availabilities, with a request of \$5 million in FY 95.

Initially, the project will be managed by the ANE Bureau staff in AID/W with project monitoring the responsibility of the West Bank/Gaza (WB/G) field staff. Once established and adequately staffed, it is anticipated that the WB/G Mission will manage project activities in the field. Decisions on transfer to the field of responsibilities for further detailed design work and component management will be made on the basis of the Bureau's judgement of the adequacy of field strength as it increases over time.

#### Recommendation

The Democratic Understanding and Development Project (DUADP) was reviewed and approval was recommended by the Review Committee on August 3, 1994. Issues raised in the meeting have been addressed in this Project Paper. It is recommended that USAID approve the DUADP with a life-of-project funding of \$20 million for the five-year period of FY 94-98. The project will be authorized initially at a level of \$10 million. The project framework has been determined to be sound. A decision had been made previously by the Core Group for the Task Force for the Middle East Peace Process to proceed directly from strategy development to the Project Paper stage. Thus, no New Project Description or Project Identification Document were prepared.

## 2. INTRODUCTION

The signing of the Declaration of Principles (DOP) on September 13, 1993 between the Israeli Government and the Palestinian Liberation Organization (PLO) marks the first time in recent years that Palestinians can begin creating their own administrative authorities for Gaza, Jericho and potentially expanded areas in the West Bank. This Declaration is a framework for peace to permit limited Palestinian Self-Rule, initially in the Gaza Strip and in Jericho, in the spheres of education and culture, health, social welfare, direct taxation, and tourism. The initial transfer of authority in these areas from the Israeli military government and Civilian Administration (CIVAD) to the Palestinians was to take place upon Entry into Force of the Declaration of Principles one month from its signing (October 13, 1993). Also upon Entry into Force of the DOP, a Joint Israeli/Palestinian Liaison Committee and an Israeli/Palestinian Economic Cooperation Committee (ECC) were to be established. The ECC is operating and continuing to develop a program that consists of (a) an Economic Development Program for the West Bank and the Gaza Strip, and (b) a Regional Economic Development Program.

The schedule for implementing the Declaration called for the signing of an agreement on the withdrawal of Israeli troops from populated Palestinian areas in the Gaza Strip and Jericho by November 1993 with withdrawal to be completed not later than four months after the signing of the withdrawal agreement (January 1994). Elections for a Council that will establish Palestinian interim self-government were also expected to take place no later than nine months from the Entry into Force of the Declaration of Principles (July 1994).

With the inauguration of the Council, the following entities are to be established: a Palestinian Electricity Authority; a Gaza Sea Port Authority; a Palestinian Development Bank; a Palestinian Export Promotion Board; a Palestinian Environmental Authority; a Palestinian Land Authority; a Palestinian Water Administration Authority; a Palestinian Police Force and other agreed-upon authorities.

Negotiations for further transfers of authority will include: Jerusalem, refugees, settlements, security arrangements, border relations and cooperation with neighbors, and other matters, and will begin soon after the inauguration of the Council, but not later than the beginning of the third year of the interim period. The establishment of a permanent accord is targeted for the end of this five-year transitional period of limited autonomy.

Delays in negotiations between the Israelis and the

Palestinians and events on the ground including the Hebron massacre pushed back most of the initial dates for specific actions. Not until April 29, 1994 was the Protocol on Economic Relations signed in Paris which provides a framework for initial agreement on economic issues, although many such issues remain to be negotiated. Finally, on May 4, 1994, the Peace Accord was signed in Cairo, Egypt. Soon thereafter the Palestinian Police Force assumed responsibility for security in Jericho and Gaza Strip. During June and July, PLO Chairman Arafat began naming the interim members of the Council prior to elections which will be held at some later date. Negotiations between Israel and the PLO on a number of matters recommenced in mid-July; the outcome of which will determine at what speed further transfer of authorities will occur.

At a Donors' Ad Hoc Liaison Committee meeting in Paris in May, it was formally recognized that a key priority for assistance to the Palestinians in the near term is support for the creation of the new administrative authority, over and above previous pledge levels. With the expected influx of donor aid, concerns regarding transparency and accountability of the nominated administration are high among both donors and Palestinians. This creates renewed urgency for assistance in the area of democracy and governance to help the transition proceed as smoothly and efficiently as possible and to encourage public trust in the new Palestinian authority.

### **3. BACKGROUND AND RATIONALE**

#### **3.1 Defining the Problem**

Democracy and governance (D/G) issues lie at the heart of the Palestinian development problem. The central challenge of the DOP is the establishment, under as yet un-negotiated restrictions, of a Palestinian self-governing administration. Viability of that administration and sustainability of progress made in all technical sectors will depend on ability to guarantee three critical requirements:

- gaining broad public support for the emerging self-governing system, its officials, and its policies
- maintaining social order and safeguarding public resources through the just implementation of the rule of law
- providing opportunities for citizens to participate in building this new society free from excessive governmental control.

Palestinian efforts over the past two years to construct nascent administrative structures (i.e. through the technical committees), overall and in various sectors, have tended to

concentrate on coordination and technical issues. To date, progress to institutionalize participatory public policy processes and legal checks and balances has barely begun. One important step in this direction is the conducting of free and fair elections for the Palestinian Authority as agreed upon in the DOP. Long-standing expectations of the Palestinian people are reflected in plans in the DOP for elections to the national-level Council and expressed by the expectation that municipal elections will also soon be held. While these elections are not truly "founding elections," "these elections will constitute a significant preparatory step toward the realization of the legitimate rights of the Palestinian people and their just requirements," according to the DOP. But elections are only one element in establishing functioning democratic governance in the area under Palestinian control. Other critical elements include an administration that has respect for human and civil rights, the rule of law, and which permits participation of all the population in politics and decision making. It is critical to begin focusing on creation of such democratic systems as soon as possible for reasons described below.

First, many Palestinians are concerned that a centralized unilateral mode of decision-making by any regime can neither fairly represent broad Palestinian interests in the important negotiations yet to come, nor can it maintain public support essential for eventual implementation of agreements. Moreover, there is a recognition that despite the significant flow of donor resources in support of the DOP process, resources relative to need will remain scarce. Yet, even without such scarcity, there is a definite need to establish strong institutional safeguards to assure the funds are used accountably and for their intended purposes. A representative, responsive and accountable form of governance is therefore crucial.

Finally, old and new political divisions among Palestinians coming on top of the breakdown of traditional authority patterns under the intifada pose major challenges for maintaining a non-violent social order as Palestinians assume greater self-governing responsibilities. Maintaining social order will only be possible through broad public trust in and support for new institutions that ensure the rule of law as the basis for effective security on all sides.

Each of the above considerations points to the need for immediate attention to establishing the institutional bases for democratic governance as a fundamental prerequisite for successful implementation of the DOP.

Donor support of ad hoc efforts to ensure open and participatory approaches in various sectors is a critical interim step. However, as the emerging governing institutions become functional, it is essential that public policy processes and rule

of law become firmly institutionalized at the same time. This is because ad hoc efforts to broaden participation are both inadequate and unsustainable over the longer term. Even under the best of circumstances, efficient and effective elected representative bodies and well-functioning legal/judicial institutions will take several years to put in place. It is therefore essential that substantial efforts begin immediately which support progress in these areas. The fact that the organization of the Palestinian entity and identification of some forms of USAID assistance are still in flux should not be viewed as a deterrent to USAID support, but rather as an opportunity since the door is still open for shaping institutions that will facilitate transparency and accountability.

The USG has a unique role in the peace process as both an important catalyst and supporter. It is essential that, from the outset, the USG support Palestinian efforts to strengthen and develop democratic structures and institutions. But the situation is complicated by the ongoing negotiations between the Israelis and the Palestinians and the USG must carefully balance its assistance in line with local progress. Finally, at this stage there is high donor interest, but less than perfect coordination, arguing for a general framework for assistance which will permit the USG to adjust its efforts as the program moves forward. Thus, the USG needs a mechanism to be able to respond rapidly and flexibly to Palestinian initiatives in this area.

For democracy to be strengthened in the West Bank and Gaza, it must be nurtured both on an institutional and socio-political level, working with those governing and being governed. Consequently, the USAID program is challenged to help encourage development of a democratically elected Council and a public sector which is effective, transparent and accountable to its citizens; while at the same time ensuring that non-State actors, both private and non-governmental, who have played a major role in shaping Palestinian society under occupation are allowed to continue to play an appropriate role in this new society. In addition to specific democracy and governance (D/G) activities funded under this project, USAID plans to weave democratic governance themes throughout its West Bank and Gaza portfolio to assist the Palestinians with this critical balancing act.

A key D/G theme, both for DUADP and the WB/G portfolio in general, is providing Palestinians the opportunity to participate in decision-making -- something they could not do in recent years. Thus, activities will be designed in cooperation with Palestinians and will emphasize broad-based participation. In this vein, the concern that Palestinian women may not achieve the roles and status they have struggled for over the years, has been taken into consideration in the DUADP. Ongoing D/G work has targeted women specifically and it is expected that women's

concerns will be integrated throughout the individual project components. For instance, legal issues may be addressed, leadership capacities and political roles enhanced and women's groups reinforced.

### **3.2 Relationship to Agency, ANE Bureau and West Bank/Gaza Program Strategies**

Following a donors' pledging conference in October 1993, USG assistance to the Palestinians rose dramatically from \$25 million to \$100 million per year, of which USAID is responsible for \$75 million annually over a five-year period. As a result, a new strategy for the West Bank and Gaza was finalized in Spring 1994.

The USAID strategic objective for WB/G D/G programs is: "Palestinians establish democratic and legal institutions to strengthen accountability". This objective, which is also the DUADP purpose, reflects USAID's conviction that general progress in this area is the only reliable means for ensuring accountability of leadership and administrative officials to the citizenry. By placing the emphasis on Palestinian action up front, USAID recognizes that the development of democratic institutions cannot be approached as a set of clear-cut technical issues and outcomes, but rather will require debate and consensus within the Palestinian community. The Palestinians must find their own workable governance solutions in their own ways, and we can best assist that process by supporting Palestinian-led initiatives which are emerging on the ground.

It is essential, of course, that we include in the concept of "Palestinian initiatives" a broader circle than just appointed leadership. Our support under this project potentially extends to any responsible non-governmental organization or group which seeks to define and build mechanisms for democratic decision-making, and to create a legal and judicial system guided by the rule of law.

- Establishment of formal democratic decision making processes at both the territorial and municipal levels:

Palestinian administration leadership must maintain legitimacy within the Palestinian community by showing responsiveness to a wide array of interests and points of view. A reasonable broadening of Palestinian consensus building through participatory institutions is critical. Among those institutions would be a relatively free and fair electoral process at municipal and territorial levels, including elected municipal mayors and councils, and an elected national-level Palestinian Council. Free and fair elections held as quickly as practical, as called for in the DOP, are increasingly being viewed by the Palestinian community as a critical first step in this area. These are usually referred to as founding elections in that they

provide legitimacy for the leadership of a new political entity.

The program outcome here is: Founding elections at the national council and municipal government levels that are free, fair and broadly supported. Because the elections are emerging as a critical event, both for establishing legitimacy of the leadership and DOP process among Palestinians, and as a first step toward broadening public participation, USAID is concentrating short-term efforts on assisting US-based NGOs to support the electoral process. Resources will also be used to provide election-oriented media training to Palestinian journalists.

- Establishment of a fair and effective legal/judicial system, particularly criminal, administrative, and commercial law:

There are at least three different functions for an effective legal system; each involving somewhat different subsystems and personnel, and supporting institutions.

1. **Maintaining social order:** Violence by those opposed to the accords or by the "intifada generation" could become a serious problem. A disciplined, well-trained police force is an important element in maintaining social order, but its power also needs to be controlled. Thus, clearly defined legal codes and an effective criminal justice system with strong human and civil rights guarantees are critical.
2. **Safeguarding public resources:** Financial resources will be planned and managed by the emerging authority with minimal accountability safeguards in place. A strong and independent administrative law system linked to independent auditing functions is essential to ensure that resources are used for widely accepted and intended development purposes.
3. **Creating a positive and predictable business environment:** One requirement of an open market economy is the establishment of an impartial legal framework guaranteeing property rights, enforceability of contracts, and the handling of torts.

The program outcome here is: Informed public agreement on the framework for an effective legal system and initial restructuring of the legal/judicial system. An immediate requirement in the legal/judicial area is for Palestinian jurists and legal experts who have identified priorities for establishing an effective legal system to open the debate on legal reform to the public.

Additional program outcomes remain to be refined based on the changing political scene, particularly in the civil society/governance area. It is likely that one outcome will focus on institutional development for non-state actors; another will be a governance or public administration outcome with a focus either at the national or the municipal level. Just as the project will be designed in stages, so too will the refinement of program outcomes.

This Project is consistent with both the USAID Democracy Strategy and the Democracy/Governance Implementation Guidelines. Specifically the guidelines call for a phased process. This begins with consideration of the broader goals USAID seeks to address and a consideration of the most important political constraints to sustainable development in a given country. This was the approach used in developing the West Bank/Gaza Strategic Objective and in designing this Project. Next USAID should undertake a strategy design (a) assessing the overarching political context, (b) considering various assistance opportunities, (c) reviewing what other donors are contributing, and (d) sequencing interventions in a way that leads from safeguarding of basic democratic rights to establishing and strengthening key institutions. The ANE Bureau has moved through these steps in establishing its D/G strategy for the West Bank and Gaza Strip and in designing this Project. The Bureau will continue to refine project interventions as the situation on the ground dictates, depending heavily on insights from its field-based personnel. Finally, program priorities outlined in the Guidelines include elections, rule of law, good governance, and support for civil society. All of these priorities are part of the project framework, structured to meet long-term sustainable development concerns while responding to the immediate need for a stable environment.

#### **4. PROJECT GOAL AND PURPOSE**

The goal of the Democratic Understanding and Development Project (DUADP), which is consistent with the goal for the WB/G program overall, is: "Palestinians provide for their own economic and social well-being." The purpose is: "Palestinians establish democratic and legal institutions to strengthen accountability."

#### **5. PROJECT DESCRIPTION**

##### **5.1 The Approach to Democracy/Governance for the West Bank and Gaza**

A phased approach to project implementation is required due to the constantly changing political environment and to provide the flexibility to be responsive to needs as they arise. Assistance mechanisms will be designed to ensure that a broad range of counterparts are involved ensuring greater participation

of Palestinian groups, both governmental and non-governmental. The USAID strategy for better defining opportunities and objectives under this Project is to build on activities already funded and to initiate a series of actions to assist the Palestinians with both short- and long-term needs. In doing this USAID will concentrate on two critical dimensions: 1) the technical dimension; and 2) the public policy process.

On the technical side, USAID will assist efforts by relevant experts to put forward the best options for institutional development based on worldwide experience. On the public policy process side, we will support efforts to promote orderly public examination and discussion of those options, and to broaden participation in decisions about which courses to take. In the volatile context of the WB/G, it is insufficient to provide the best technical solution if it is not acceptable to broad segments of the population. Thus, for example, in the area of elections, DUADP will support efforts to draft technically sound, efficient electoral regulations and laws, but will also support public examination and discussion of those drafts by think tanks, political parties, local media, other NGOs and the Palestinian public.

The flexible design of the DUADP allows initial activities to be undertaken, while providing time to gain a clearer picture of how USAID's longer-term D/G assistance can be most effective. The basic areas of program emphasis, current activities, and proposed immediate quick-starts will be described. Additional components of the project will be designed as the program develops.

## 5.2 The Palestinian Context

### Challenges and Opportunities (Social and Institutional Analyses)

The DOP was signed between the government of Israel and PLO Chairman Yasser Arafat. Within the PLO there are a number of political factions, some supportive of and others hostile to the DOP. Prior to holding elections, members of the Palestinian Authority are being appointed by PLO Chairman Arafat. These appointed leaders and their elected successors will be challenged by many factors rather unique to the WB/G setting.

Although there has been formalized Palestinian leadership over the years, primarily through the PLO, the PLO has not served as an official accountable government. Many Palestinians are now stating their desire for a democratic form of government, one in which sharing power or managing operations in an open, responsive and accountable manner are critical elements. The new elected administrative authority will have to cope with the challenge of the demand for accountability, participation and managerial

responsiveness.

The Intifada mobilized large segments of the population, with the youth taking the lead in violent resistance to prevailing authority. Throwing rocks became the standard form of expression for dissent. A challenge for the new administration will be to channel the energies of the youth and others into more productive form of expression and employment, thus ensuring stability and security for the local population. Strengthening the legal framework and legitimizing the rule of law are keys to such stability.

The Intifada also altered the relationship of gender and age to political decision-making in a manner which could have long-standing consequences for Palestinian society. Already existing divisions between Palestinians in the Territories and those outside were exacerbated further. Political decision-making began to be asserted by many local leaders, some of them of the younger generation, and in some cases more at a grass-roots level. Women began playing a more public role during the Intifada which included Palestinians of all ages, social backgrounds and political affiliations. Women organized to provide a variety of services to their communities, earned incomes to maintain their families and organized politically to play a critical role in the independence movement. New approaches for organized Palestinian collective behavior took root through which local people took initiative into their own hands. A challenge for the new administration will be to achieve political balance between returning and local Palestinian leaders in order to provide stability and to preempt a return to violence as a form of protest. Another challenge facing the new administration is building consensus among this politically divided population, many of whom have limited exposure to democratic processes.

There is nevertheless a strong base of democratic experience on which to build. Palestinians have enjoyed relative freedom of the press. They were also able to participate in various types of elections, including those for municipal posts, in professional associations, in trade unions and at universities. Many have experienced democratic forms of expression in the U.S. and elsewhere, including Israel. These experiences mean that Palestinians may be better prepared for and have higher expectations for a democratic form of government than many others in the region, despite its previously limited scope in the territories.

Palestinian human rights groups have proliferated over the years, primarily to represent the Palestinians who have been incarcerated due to their role in resistance to occupation. The result is that many Palestinians have more than a passing knowledge of their rights. Already, local human rights groups

are expanding their foci from representing their clients vis-a-vis Israel to being prepared to represent cases in a totally Palestinian environment. The challenge is to continue to allow human rights groups and others outside the administration concerned with civic welfare, to play their legitimate role in a democratic framework.

### **5.3 Areas of Program Emphasis**

The new Palestinian leadership will face tremendous challenges if it is to convince its own people, the Israelis and the rest of the world that it can effectively govern itself. The needs of Palestinians are great and will be an enormous challenge for any administration to satisfy. Many Palestinians believe, and USAID concurs, that governance can be accomplished best through a pluralistic, democratic system able to accommodate the great cultural, political and economic diversity of the Palestinian population.

The USAID D/G program for the West Bank and Gaza takes a problem focus. Activities which will be considered for funding under this project must clearly show how they help solve the fundamental challenge described above. Thus, activities to support public media, civil society, political process, and rule of law must demonstrate how they contribute to program impact and directly support the DOP.

DUADP will have the following components: 1) Elections; 2) Rule of Law; 3) Civil Society; and 4) Governance. There are linkages between these efforts which are spelled out in more detail below, but the project is designed with a variety of contractual mechanisms ensuring that speedy support can be provided where it is most urgently needed.

#### **5.3.1 ELECTIONS**

##### **Background**

The Agency's 1994 "Strategies for Sustainable Development," states that, "USAID recognizes that there are many paths to democracy and many variations of governmental mechanisms based on historical, social, and cultural realities. However, all sustainable democracies share certain fundamental characteristics: respect for human and civil rights, peaceful competition for political power, **free and fair elections**, respect for the rule of law, accountable government, and an environment that encourages participation by all sectors of the population. USAID will emphasize these universal elements in implementing programs."

Furthermore, past USAID experience with countries in democratic transitions suggest that a distinction should be made

between successful and unsuccessful elections. Successful elections at minimum are those where: 1) two or more political parties are allowed to compete for power with reasonable media access and unimpeded movement throughout the country; and 2) the final election results reflect the will of the people (usually determined by international observers.) An additional distinction is made whereby 'meaningful elections' refer to those that serve to strengthen democracy and good governance as opposed to strengthening the hand of autocratic regimes.

### The Palestinian Context

The third article of the Declaration of Principles on Interim Self-Government Arrangements (DOP), signed on September 13, 1993, sets the context for Palestinian elections. The three points of Article III are:

- "1. In order that the Palestinian people in the West Bank and Gaza Strip may govern themselves according to democratic principles, direct, free and general political elections will be held for the Council under agreed supervision and international observation, while the Palestinian police will ensure public order.

Review of past experience with elections support (Schimpp and Peterson 1993) reveals that free and fair elections have not always led to improvements in democracy, and in some cases, have served to impede democratization. Some political theorists have noted that democracy requires that politically active members share an underlying consensus on the rules to govern socioeconomic and political compromise. In the absence of this consensus, elections alone are unlikely to achieve lasting impact in the D/G area. The evidence also suggests that real advances in D/G require nurturing the democratic process and building institutions that will survive, rather than limiting support to the individual election event. In the Palestinian context, these lessons are being applied as levels and types of assistance are determined.

2. An agreement will be concluded on the exact mode and conditions of the elections in accordance with the protocol attached as Annex I, with the goal of holding the elections not later than nine months [i.e., July 13, 1994] after the entry into force of this Declaration of Principles.
3. These elections will constitute a significant interim preparatory step toward the realization of the

legitimate rights of the Palestinian people and their just requirements."

By late July 1994, Palestinian and Israeli negotiators had not yet formally announced the mode and conditions for elections as stipulated above in the DOP (or Annex 1). Nonetheless, officials of the Palestinian Commission on Elections and Local Government (PCELG) set early August as their target date for completing the drafting and vetting of elections laws and the laws related to the structure of local government. Moreover, although no mention of municipal elections was made in the DOP, many appointed Palestinian officials, NGOs, and other citizens believe that municipal elections are an important first step for establishing self-rule. Although technically possible, prospects for Council and/or Municipal Elections before the end of the year remain remote.

Consultants for the European Union (EU), which is providing technical elections support to the PCELG, have recently begun work on their 16-part technical assistance package. The EU timetable for completion of preliminary modalities for the founding elections estimate that five to seven months is required--assuming internal political issues and bilateral negotiations are completed in a timely manner. Discussions with representatives from advocacy groups, NGOs, and others revealed a growing debate among divergent Palestinian political factions about the transparency of decision making during the current "interim period." Their strong interest in participating in the process may further delay or prolong the planned "consultative deliberations" concerning the proposed elections laws and the authority and responsibilities of local government and elected officials. The necessity for negotiating with the Israelis over elections modalities may create additional delays as well.

Despite the uncertainty surrounding the timing, structure, and framework for the founding elections, they will be a central and defining moment in furthering the aspirations of the DOP. As many Palestinian candidly conveyed, the elections will:

- 1) demonstrate their ability for democratic self-determination;
- 2) serve as an expression of sovereignty; and
- 3) represent the preferred mechanism for the selection of leaders.

Notwithstanding the technical constraints and political considerations surrounding the founding elections, two emerging issues of note may significantly affect the character of the elections and their aftermath. These are: 1) the blurred distinction between self-rule, democratic institutions, and Palestinian autonomy and 2) the dearth of vehicles for

constructive dissent.

The first elections to be held under the DOP have tremendous symbolic importance for Palestinian even though many believe that they may not fundamentally or dramatically alter the current power structure. USAID support for the Palestinian elections builds on USAID's experience in elections applied to the specific socio-cultural and historical context of the region and set against the strategic objective of the overall WB/G democracy program. USAID assistance therefore will focus on the public debate and civic education side by working with non-state actors to help ensure that a broad consensus on the rules of political compromise are achieved while at the same time helping to strengthen civil society. This work compliments the EU technical assistance package to the Electoral Commission.

#### **Ongoing and Proposed Elections Assistance**

##### International Foundation for Electoral Systems

The International Foundation for Electoral Systems (IFES) conducted a pre-election assessment in January 1994 which provided an excellent overview of the political situation in the Territories shortly after the signing of the DOP. Initial areas of need were identified as were mechanisms for addressing them. The assessment cost approximately \$30,000 using NE Bureau funds which had been transferred to the centrally managed IFES Cooperative Agreement.

In June, IFES completed a series of Women's Election Awareness Workshops in the West Bank and Gaza. Initiated at the request of the Palestinian Technical Committee for Women, the workshops were organized to inform and educate Palestinian women leaders on election activities and issues, and roles they might play in influencing the process. The workshops also sought to raise the consciousness of women interested in running as candidates for the Council and for municipal positions. The workshops cost \$60,000 using NE Bureau funds which had been transferred to the IFES CA.

IFES will establish a West Bank/Gaza Elections Resource Center (with several field offices/branches) for the informational, educational and training activities of citizens, NGOs, the PCELG and its successor election authority in the context of preparing for Palestinian Council and/or municipal elections. The Center will provide resources in the areas of: election processes, public information, training, civic and voter education (including materials preparation), and provide financial assistance to the PCELG (and perhaps to NGOs) in limited and pre-determined areas. Additionally the Center will complement and help coordinate the work of other American NGOs, the EU and other donors who may become involved at a later date.

Through this activity, IFES will help facilitate greater Palestinian understanding and acceptance of the electoral framework, enhance participation, increase public dialogue and broad voter education on the election process. Phase I will cost approximately \$300,000 using NE Bureau funds which have been transferred to the IFES CA. Phase II will cost approximately \$1,000,000. In addition, approximately \$500,000 will be transferred to IFES for future elections/post elections support as required. This \$1,500,000 will be authorized under DUADP.

### National Democratic Institute

Under a sub-grant from IFES, the National Democratic Institute (NDI) is already implementing a \$460,000, four-month program with the following components:

- 1) Civic Education
  - a) promote greater understanding of international practices and elementary institutions of democratic political society;
  - b) promote greater understanding among residents/citizens of the West Bank and Gaza of the emerging Palestinian election process;
- 2) Public Meetings
  - a) provide public fora in which international experiences in building popular consensus regarding political mechanisms will be made available to Palestinians;
  - b) encourage PLO officials to appreciate and tolerate the role of autonomous civic groups as well as public and international perceptions of its legitimacy;
- 3) Increasing Women's Political Participation
  - a) strengthen the leadership abilities, motivation, self-confidence and public speaking skills of Palestinian women;
  - b) provide women ideas and strategies about how they can become active in Palestinian politics.

NDI will develop a follow-on project at a level of approximately \$530,000 to be supported under DUADP. It is expected that NDI will focus on domestic monitoring and international observers.

### International Republican Institute (IRI)

IRI is interested in remaining involved in the collection and dissemination of information on popular opinion (derived

through polls) particularly related to elections. They plan to sponsor, probably through CPRS, a series of meetings to discuss the results of polls to provide information on popular opinion on elections and governance issues at a cost of \$100-200,000. This information can then be used by the PCELG, by political candidates and by foreign and domestic NGOs during the campaigns and for elections education.

#### Support for Palestinian Media for Elections Coverage

USIA is proposing to provide assistance to the Palestinian Broadcast Corporation (PBC). The purpose of this assistance is to strengthen the capacity of the local media to provide fair and open coverage of elections and other democratic governance events. Training in polling may be provided to complement ongoing their ongoing work and that of IRI and other elections-related activities. USAID is prepared to support this proposal since it directly relates to objectives of ensuring transparency and accountability and developing civil society. An Inter-Agency Agreement may be signed in FY 94 for approximately \$175,000.

#### Post Elections Support

Support for fair and free elections will continue beyond the 1994/95 elections by providing Post-Elections Technical Assistance to work with and advise a core group of Palestinians on the structure and options for a more permanent Electoral Body that will be responsible for the administration and implementation of future elections.

#### 5.3.2 THE LEGAL FRAMEWORK: RULE OF LAW (ROL)

Encouraging a legal system guided by the Rule of Law is critical to supporting USAID's long-term goals for sustainable economic and democratic development in the West Bank and Gaza, and is closely linked to the USAID's other sectoral initiatives. Under ROL, local and national governments are provided the legal framework to make decisions appropriate for their communities; to facilitate private ownership of property-- a critical link to encouraging private investment and economic growth; a legal and regulatory framework exists which allows NGOs, an independent media, human rights and watchdog groups to run programs independently of the government; and the safety and freedom of expression for all citizens are defended equally.

The situation on Rule of Law in the WB/G is complex, beginning with a multi-layered legal system that draws on several traditions in jurisprudence. For example, since 1967, depending on the nature of the grievance or geographic location, a Palestinian may be subject to Israeli (military/civil), Jordanian, Egyptian, British or Ottoman laws. Further

complicating the current dilemma, many Palestinians chose not to use the courts preferring to rely on traditional methods of adjudication (as a form of protest against occupation). Consequently, Palestinian Civil and Islamic courts have been marginalized, hearing relatively minor cases such as personal injury and insurance.

At the same time, many attorneys have been on strike since 1967 while those practicing have had a narrow case load. Although a considerable number of young Palestinians have studied law overseas, their skills are

limited and many have been working as unskilled laborers in Israel and the Arab world. Moreover, given the weak status of the legal profession, there has been little incentive for young people to pursue a legal career, and limited opportunity for existing professionals to expand their professional qualifications or for Palestinian legal bodies to strengthen their institutional capacities.

While the DOP and the Cairo Agreement transfer limited authority and responsibility for maintaining law and order to the Palestinians, the actual state of the legal and judicial systems will seriously impede any efforts at good governance. Areas where needs are the greatest include:

- o honing skills to carry out legislative drafting and unification of existing legal codes;
- o upgrading and expanding basic legal and judicial skills;
- o developing other legal professions such as court reporters, paralegals, and court administrators, which are virtually non-existent;
- o strengthening the administration of justice and building up the capacity of legal institutions (i.e., courts and regulatory agencies) to effectively implement the law;
- o creating a unified bar association which can set professional and ethical standards of conduct, review the appointment of judges, and serve as a watchdog to ensure the

Rule of Law (ROL) mandates that the system of justice is accountable to the people, has built-in mechanisms to prevent the system from being controlled or manipulated by forces of the state or outside interests, provides equal justice and access for all citizens, and has clearly established laws and regulations, plus formalized systems in which they can be appealed and challenged.

- fair implementation of the law by the government;
- o establishing sound systems for the administration of law and justice;
  - o encouraging public trust in the legal system, especially critical for the young Intifada generation; and
  - o dealing with the expected increase in case loads.

These are only some of the more serious legal obstacles facing the new administration. Addressing these obstacles will be critical for the Palestinian authorities to demonstrate, both to their own people and the outside world, that they are mastering self rule. Another challenge will be protecting the rights and economic interests of their citizens, while maintaining non-violent and non-repressive social order. Although a well-trained police force with a strong understanding of human rights is a critical element, police power needs to be checked and any needed redress provided in a court of law.

Palestinians are acutely aware of the linkages between economic and political development. They often state that without the provision of jobs, housing and basic human needs, democracy is unlikely to succeed and people may return to an "intifada" approach to problem solving. Democratic governance, in their view, is critically linked to an investment climate which encourages economic growth by providing jobs and a higher standard of living for Palestinians. Thus, sorting out the myriad codes, outdated rules and restrictive policies in the commercial sector, which are antithetical to the promotion of private investment and foreign trade, is a priority in attracting both Palestinian and foreign investment.

#### **Ongoing and Proposed ROL Assistance**

##### **Short-term Activities**

The U.S. PVO AMIDEAST is implementing a six-month Public Law Project to assess problems, constraints and opportunities in the legal/judicial arena. Technical workshops are being held where West Bank and Gazan legal professionals identify and prioritize recommendations for legal and judicial reform. Needs for training, institution building and structural change are to be identified. Public fora to encourage citizen input into the process will be held, and applied legal research will be supported. Information gained from this project will help Palestinians, and in turn USAID, determine priorities for establishing rule of law programs and actions.

One of the quick-starts to be funded under DUADP is work in the area of Commercial Law -- including commercial and investment

laws and regulations. Up to \$300,000 of FY94 funds will be transferred to a Global Bureau project for this purpose, which could support applied studies, workshops, seminars and legal advisors. These efforts would be aimed at establishing priorities for reform and enabling both government and private interests to be part of the process. Commercial law may be a key area of emphasis for the ROL project over the long-term, depending on Palestinian needs and priorities, and the programs of other donors.

#### Long-term Activities

For the long-term, the DUADP will have a ROL component to develop the capacity of Palestinian legal and judicial institutions and professionals as well as to support non-state groups working in this area. A legal/judicial design team will be fielded to build on AMIDEAST's work and the efforts of a British Council funded assessment team (scheduled for July/August), and preliminary work undertaken by the Legal Technical Committee. The selection of actual activities will be based on the design team's assessment and actual needs identified on-the-ground once the new administration is more established. Thus, a flexible instrument that can respond to the changing economic and political climate is critical. ROL-related activities under DUADP are likely to focus on strengthening the legal and judicial infrastructure while developing the capacity of the legal profession to influence and manage their new responsibilities. At the same time it will be crucial to ensure that the legal and judicial systems provide equal access to all, allow establishment of a system of checks and balances, and permit non-governmental interests to have input into the legislative and judicial oversight process.

#### 5.3.3 CIVIL SOCIETY AND GOVERNANCE

The promotion of "Civil Society" is critical to USAID's goal of sustainable, democratic development because non-state actors often function as a counter-balance to the power of the State and influence of private interests by 1) making them more accountable; 2) placing demands on them; and 3) providing services to its members independent of State or private sector involvement.

The promotion of "good governance" is integral to USAID's goal of sustainable development. It assists in protecting resource allocations and encourages participatory decision making. When "good governance" and "civil society" obtain, the citizenry can expect a society where "accountability" of all sectors-- public, private, and non-state-- becomes the norm. Thus, work in good governance and civil society is in some senses opposite sides of the same coin.

Throughout the last twenty-seven years, a large number of non-state actors such as formally registered non-governmental organizations, advocacy, labor and service groups, professional associations, religious and charitable societies, women's groups, as well as non-registered groups multiplied.

"Civil Society" conveys a vision of a pluralistic socio-economic political system in which the authority of the State and the power of the private sector are equally susceptible to the interests of non-state actors, i.e. its citizens, associations, and non-profit/non-governmental organizations. A "Civil Society" exists when the full range of voluntary associations of "non-state" actors are fully engaged in the outcome of economic, social, and political matters through broad-based participation. Non-state actors are those individuals or organizations that operate between the private (business) and public (government) sectors. The effectiveness of non-state actors in pursuit of their goals (both common and personal) is directly related to the balancing of the inter-relationship between the private and public sectors.

They provided needed and absent services and increasingly, a fora for articulating political, economic, and social aspirations. Today, more than 1,000 formal groups continue to provide services, resources and information to their constituents.

What role these non-state actors will continue to play in the self-rule area is uncertain at this time. However, the rich traditions created by NGOs, their ties to the community, and the utility of services provided present a clear opportunity and advantage for Palestinian self-rule. The role of non-state actors will of necessity change, yet their ability to operate independently of excessive governmental control will be essential to maintain Palestinians' strong civil society traditions.

In recent years, the opportunity for "good governance" by and for Palestinians was restricted. Although Palestinians were employed in many low-

In a democratic society, "good governance" refers to a condition whereby those who govern represent and are responsible to their constituents, and where transparency and accountability with regard to resources managed and policies made are the norm. When "good governance" occurs, decisions are based on merit and reflect the will/consensus of the people.

and mid-level positions in CIVAD (Israeli Civil Authority) and at the municipal level, formal decision-making authority ultimately remained in the hands of the Israelis. With the signing of the DOP and the Cairo Agreement, Palestinians are now engaged in creating their own administrative authorities for Gaza, Jericho and potentially expanded areas in the West Bank. The initial appointment, and later anticipated election/s, of a Palestinian Council presages a new central governmental authority. At the local level municipal functions are to be revived and possibly modified. The creation of a viable public administration system may be the greatest challenge facing the current and future Palestinian leadership for it is here that they will prove that they are capable of self-government.

A recent municipal assessment of Gaza revealed that: 1) streets are littered with garbage; 2) groundwater supply is in poor quality and of limited supply; 3) electricity is inadequate to meet demand; 4) sewage is leaking onto many streets and into the water supply, resulting in a high incidence of water-borne diseases; and 5) all supply systems suffer from lack of maintenance. Further, the two most severe problems are the management vacuum and the lack of sustainable financial resources. Although there are many very well qualified technical staff, there are few well qualified and experienced managers. Local government needs to expand and diversify its resource base and develop an effective tax collection system. (Non-payment of taxes has been a form of civil disobedience in the past.) Although the situation in Gaza may be more dire than in some areas of the West Bank, it is clear that there is an urgent need to develop the capacities of local government to manage their affairs and to encourage citizen input into the process which has previously been highly centralized, paternalistic and bureaucratic.

**Ongoing and Proposed Civil Society and Governance Assistance**

USAID assistance for civil society and good governance takes into consideration short-term political imperatives as well as long-term developmental objectives. Similar to our work in the

legal/judicial arena, support here is essential to the success of all USAID programs and consequently, civil society/good governance themes will be woven throughout the USAID portfolio. For instance, elections promotion work with NGOs, development of an appropriate legal and regulatory environment (i.e. NGO registration), technical assistance for institutional strengthening of NGO health service providers, and improved capacity of municipalities to manage their activities are inextricably linked to a goal of good governance and civil society.

#### Short Term Activities

Short-term work in support of civil society includes civic education activities related specifically to elections and more generally concerning concepts of democracy and good governance to be undertaken by IFES and NDI. AMIDEAST's Public Law project supports non-state actors who are likely to influence ultimate decisions on legal and judicial reforms. Additionally, on-going and new work through grants and cooperative agreements with American NGOs such as Save the Children and Catholic Relief Services support capacity building for grass-roots organizations. Possibilities for potential "quick-start" support to NGOs will be explored prior to approval of the long-term civil society activity.

A USAID-funded team recently completed an assessment of municipal management capacities and needs in Gaza which may be replicated for the West Bank. This team recommends that USAID focus on promoting improved service delivery through the development of good governance. They suggest that USAID develop a municipal management program to operate both in West Bank and Gaza although the initial focus should be Gaza where effective models can be tested. The purpose of this program should be to establish a professional municipal civil service. They suggest that the first phase of USAID support should aim to introduce basic municipal management skills, while the second phase should aim to support the establishment of citizen responsive municipal management. The team proposed some quick-start activities which might be initiated late in FY 94 or early in FY 95 probably with funding from the Global Bureau.

#### Medium-Long Term Activities

An important component of the DUADP will be the Civil Society Strengthening Activity. Although hundreds of non-state actors exist at the present time, the composition is constantly changing as funding and priorities shift. Nonetheless, many of these groups will remain and can benefit tremendously by various institutional strengthening activities.

This component will provide a broad range of technical

assistance and training in areas such as program planning, budgeting and evaluation, basic management and accounting, fund raising, advocacy, advice on alternative organizational structures, grass-roots mobilizing, and effective use of volunteers among others. The contractor or grantee selected through competitive procedures will be responsible for managing a small-grants program directly linked to the institutional strengthening aspects of this component. Both because of USAID's own accountability requirements and because of the difficulty of measuring long-term impact, it is deemed inappropriate to "sow a thousand seeds" by supporting many discrete NGO activities, but rather to develop local capacity itself.

It is anticipated that a design team for the Civil Society Strengthening Component will be fielded and a component design produced in FY 95. Services for this component will be procured through a competitive process. Ideally, the winning bidder will consist of a consortium of private sector institution building and training organizations, US and local NGOs and/or universities in order to provide the appropriate skills mix needed.

Under DUADP a future governance component will be designed once the Palestinian Authority is better established and a better understanding of needs and clients is possible. Officials from PECDAR have already expressed interest in the establishment of a General Accounting Office type of organization. There are also needs to establish government-wide budgeting, accounting, auditing and personnel procedures. PECDAR has established a Task Force to visit the Departments of the Palestinian Authority to assess their needs. It will be important to coordinate bilateral efforts with those of the World Bank Technical Assistance Trust Fund, to which the USG contributes.

Another possibility would be for assistance to be provided to administrative units involved with other sectors of the program such as water or possibly the environment. There has been some Palestinian interest expressed for assistance in the water sector. This could be done as a buy-in to the Global Bureau's Environmental Health Project which can focus on organizational development. At this time, it is premature to determine whether the project should be working primarily at either the municipal or the central level. Decisions will need to be made by the Bureau and the Mission whether to include municipal management activities under this project or as a separate project. Outside of DUADP, the AMIDEAST Public Administration/Institutional Development Project (Project #294-0012) also supports good governance by focussing on short-term technical assistance on immediate problems of public administration, providing institutional support to the Palestinian Bureau of Statistics, and assisting in the development of a Center for Public Management at the Al-Azhar University. The Center is structured to support the need for

local training in public administration. Actions taken in the field of public administration under the DUADP must be carefully coordinated with the AMIDEAST effort as well as other donors.

#### 5.4 DONOR COORDINATION

Donor coordination is critical to ensure that donors do not duplicate funding, pursue incompatible policies, or develop non-complementary programs. Such coordination is even more critical in the area of D/G because the development or reform of fundamental political, legal and regulatory structures of government are involved. These are all undeveloped or in a nascent stage in the West Bank and Gaza so it is essential that Palestinians not be advised to implement incompatible or contradictory laws, regulations, policies or judicial systems. At each stage of design and implementation USAID will carefully review other donors' plans to make sure there is no duplication of effort and to ensure compatibility of policy guidance.

European and multilateral donors are beginning to implement D/G activities. Briefly, these are described below.

##### Election Support

The EU is providing technical assistance and funding to help the PCELG establish a national election office; conduct a survey to establish boundaries for municipalities, villages and polling districts; provide direction in creation of an election law; train Palestinians to carry out the elections; and establish processes for international observers and the press during the campaign period. USAID electoral support will complement the work of the EU, by focusing on the civil society side of elections.

##### Rule of Law

The World Bank, British and French have all shown an interest in working on ROL. The Bank has identified a number of areas where they may provide TA for ROL, including:

- o Land Use regulations for housing;
- o Municipal zoning and land use laws;
- o Creation of a unified legal and regulatory framework for the private sector;
- o Tax laws;
- o Creation of Bankruptcy, joint-stock company and collateral laws;
- o Private Sector legal inventory and publication.

The French are providing support to strengthen the Bir Zheit Law Center and are likely to do additional work in the West Bank. The British plan to carry out an assessment of the legal and

judicial system in Gaza, and based upon the assessment will decide whether to provide additional funding for project assistance. The British may focus primarily on the institutional structures (i.e. courts) and training needs, but will not address actual reform of the laws, development of regulations, or establishment of a unified Bar.

#### Governance and Civil Society

Few if any other donors seem to have developed a systematic approach to civil society and governance. The EU and the World Bank are considering some type of municipal assistance but they are in the planning stages. Other donors tend to support small-scale initiatives for specific non-state actors which are not broad-based in impact. The design of the long-term component of DUADP will take into consideration other donor's projected assistance and not duplicate it. Although the World Bank had identified the following TA activities as priority areas for themselves, they were not mentioned at a donor planning and coordination meeting held in late July:

- o Establishment of PECDAR accounting system and disbursement procedures;
- o Public Administration training related to budgeting, taxation and creating a Treasury;
- o International procurement training; and
- o Development of uniform accounting systems for municipalities.

Formal coordination with other donors on democracy related assistance takes place at the field level by the USAID AAOs and the Consul General in Jerusalem and the Embassy in Tel Aviv. To ensure the best use of donor funds, USAID should, formally or informally, devote extensive time to donor coordination in the early stages of program design.

#### **5.5 POLICY DIALOGUE**

The Mission should engage in a direct dialogue with the emerging Palestinian leadership to support the D/G program. Initially the focus will include the development of laws, regulations and procedures that encourage an environment which allows:

- (1) NGOs to organize independently, raise funds and carry out their programs;
- (2) Human rights groups and public watchdog groups to monitor the actions of the administration and represent

their clients;

- (3) Establishment of a free, fair and independent media that is allowed to generate its own financial support;
- (4) Development of election laws that do not restrict representation of major groups of society (i.e. women);
- (5) A private sector that can function free from excessive government control and interference; and
- (6) The promotion of women's political participation and gender-equitable laws.

Additional topics for policy dialogue will emerge when the specific components are designed and depending on the evolving political situation.

#### 6. PROJECT FINANCING

Proposed Life of Project Financing: \$20 million (DAF)

FY 94 Obligations: \$2.4 million (DAF) (estimated)

#### Illustrative Budget

\$000,000

<u>Activity</u>	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>
Elections	2.0	0.5	0	0	0
Rule of Law	0.4	1.5	2.1	1.5	1.5
Civil Society	0	1.0	1.0	1.0	1.0
Governance	<u>0</u>	<u>1.5</u>	<u>2.0</u>	<u>1.5</u>	<u>1.5</u>
Total	2.4	4.5	5.1	4.0	4.0

#### Type of Assistance

Technical Assistance:	\$ 12,000,000
Training:	\$ 4,000,000
Commodities:	\$ 2,500,000
Assessments/Design:	\$ 500,000
Workshops/Profess. Development:	\$ 500,000
Monitoring/Evaluation/Audit:	<u>\$ 500,000</u>
	\$ 20,000,000

This budget is illustrative and is based upon best available information at the time of project design. Changes in line items can be made without amending the project, but must be documented

through a memorandum designed to record changes in the financial structure of the project.

### **Economic/Financial Analyses**

As should be apparent, the rapidly changing political situation in WB/G precludes designing a D/G project with all implementation details fleshed out at this time. Standard economic and financial analyses undertaken for other sectoral projects therefore do not apply in this case. Instead, as detailed design is undertaken, careful review of the costs of projected inputs will be made and where possible least cost analyses will be undertaken.

The very nature of democracy and governance activities may make it very difficult to quantify economic returns. In so far as the project focuses on increased transparency and accountability of government it is likely that better use of resources will accrue. Furthermore, the more participatory the process, the more likely that a broader cross-section of citizens will benefit. Nevertheless, it may be impossible to quantify economic returns for some or all segments of the project.

## **7. IMPLEMENTATION DETAILS**

### **7.1 Implementation Mechanisms**

Initially the project will be implemented through a series of cooperative agreements (CAs) or grants with American NGOs that have a comparative advantage in providing electoral support and through a transfer to USIA for work with media in support of elections. The ROI, Governance and Civil Society components can be implemented through a broad range of mechanisms including Contracts, CAs, grants or inter-agency transfers. All technical assistance will rely on a mixture of local and expatriate expertise to ensure that local capacities are enhanced. Implementation of future activities will not be limited to those organizations currently working in West Bank/Gaza but will be open to a broad cross-section of actors.

### **7.2 Management and Monitoring**

USAID, State and USIA are expected to coordinate closely in the identification of appropriate USG-sponsored democracy and governance activities. Overall project management initially will be the responsibility of a USDH project officer with democracy experience based in USAID/W with field monitoring provided by the AAOs and local staff. Once a field mission is established and properly staffed, full responsibility for project management will be transferred to the field. Regular field visits will be required by USAID/W staff to backstop this activity until all

components are designed and the project management is fully transferred to the field. NGOs, other donors, and other groups working in the field will be consulted to avoid duplication of efforts especially in the critical early stages of program implementation.

Quarterly reports, or more frequent ones if the activity is short-term, will be required of all implementing agencies (grantees, contractors and participating agencies.) Regular Project Implementation Reviews will be held on a bi-annual basis or in accordance with standard Agency policy.

### **7.3 Evaluation**

The project will fund as soon as practical a political economy review to provide an in-depth understanding of the situation in the areas to be served by this project in early 1995 and which can be used as a reference point for measuring change promoted by the project, i.e. improvement in women's political participation, and potentially program impact.

Each grantee, contractor and implementing agency will prepare an evaluation plan to be approved by USAID. Project funds will be made available to finance external evaluations as necessary. At a minimum, a mid-term evaluation of the entire project will be scheduled after two years of implementation and a final impact evaluation will be held six months prior to project completion. Modifications to the project will be made as necessary following the mid-term evaluation.

### **7.4 Audit**

Grants, Cooperative Agreements, Contracts and Inter-Agency Agreements executed under the project will provide that the audit and inspection requirements set forth in the Inspector General Act of 1978, as amended, shall apply. USAID's Inspector General shall ensure full compliance with all applicable provisions of the Act.

### **7.5 Proposed Contracting Mechanisms**

A variety of contracting mechanisms will be utilized for this project because of the need to be flexible and responsive to evolving needs for democracy and governance assistance. These will include grants, cooperative agreements, contracts, Inter-Agency Agreements (IAAs), buy-ins and additions to core-funding of Global Bureau or other USAID-financed contracts. Flexible mechanisms will be designed, allowing for a wide variety of governmental and non-governmental organizations to participate in project activities. Although there are no immediate plans to provide funds directly to the Palestinian Authority, this may occur at a later date.

Support for the municipal and national-level Council elections will be provided through USIA and NGOs. Cooperative agreements or grants will be provided to American NGOs, including NDI and IRI, already working to assist this political process. An add-on to the Global-managed IFES Cooperative Agreement will be executed to obligate some of the FY 94 funds. An OYB transfer to the Global-managed Institutional Reform and the Informal Sector (IRIS) project will be executed in FY 94 to support commercial law development. If additional immediate assistance in the legal law sector is required, an add-on to the AMIDEAST Grant will be considered or an OYB transfer to the IRIS project. Assistance to media for elections-related activities is likely to occur through an IAA with USIA.

For longer-term democracy and governance activities (beyond the first 6-12 months of implementation), standard competitive procedures will be utilized wherever possible. Once components of the project are more clearly identified, it is expected that full and open competition for contracts, cooperative agreements or grants will occur for most project activities. Bidders may be encouraged to form formal or informal consortia since it is unlikely that, in most cases, any one entity will have the necessary skills to perform the required work. Winners may be required to have the capability to manage a small grants program with local Palestinian NGOs and be interested in promoting the institutional development of these organizations.

#### **7.6 Component Design Process**

As mentioned elsewhere in this paper, several components of the project will require further design work as the project proceeds. In several cases, mention has been made of specific design and assessment teams which will go to the field to undertake work associated with the development of specific component programs. These teams will not only be charged with an overall analysis of constraints and opportunities, but will also be charged with developing a specific set of recommendations for a set of activities to be carried out under a component of the project - Rule of law, for example. As is the usual practice, the work of these teams will be recorded in report format. These reports and their recommendations will be reviewed by the project committee under the direction of the responsible ANE Bureau project manager.

Decisions taken by the project committee will form the basis for recommendations on the nature, content and mechanics for implementation of all activities developed under the project. The decisions reached will be recorded in a series of action memoranda. These memoranda will be approved by the cognizant Deputy Assistant Administrator for the Bureau, taking into account their relationship to the framework for the project established by this paper. As the activities under each action

memorandum are approved, procurements and other actions as required will be executed according to the terms of the action memo.

#### **8. ENVIRONMENTAL REVIEW**

The Project will finance technical assistance, training and limited commodity procurement and, as such, has no significant environmental impact. Programs which involve technical assistance and training are generally categorically excluded from environmental examination under 22 CFR Environmental Procedures, Sections 216.2(c)(1)(i) and 216.2(c)(2)(i). See Annex A.

#### **9. ANTICIPATED ACCOMPLISHMENTS AND KEY PROJECT ASSUMPTIONS**

Without further definition of project components it is difficult to list specific accomplishments at this time. The needs for D/G assistance in the WB/G are all too evident and potential activities will become clearer over the next several months. As individual components are designed, anticipated accomplishments will be specified and a log frame developed based on the more detailed assessment of proposed assistance and anticipated impact. Assumptions which are critical to the success of the overall project and its components are the following:

- Palestinian/Israeli negotiations on election plans are completed successfully in a reasonable time frame and provide an adequate basis for implementing free and fair elections.
- Palestinian leadership will move forward with elections in a timely manner and there is political will to ensure that they are free and fair.
- Opening draft electoral regulations and laws to public discussion results in broad consensus on an implementable electoral program.
- Palestinian legal technicians are able to come to consensus on the main priorities for legal and judicial systems frameworks and appropriate next steps.
- Opening draft legal system development priorities to public discussion results in broad consensus on an implementable legal development program.
- The Palestinian Authority will allow and support the development of an effective legal system and an open public policy process for defining priorities in its formulation.
- The Palestinian Authority does not enact laws or policies

restricting the ability of NGOs to operate independently.

**EXAMINATION OF THE NATURE, SCOPE AND MAGNITUDE  
OF THE ENVIRONMENTAL IMPACT OF  
THE DEMOCRATIC UNDERSTANDING AND DEVELOPMENT PROJECT (294-0007)**

**A. PROGRAM DESCRIPTION**

The Democratic Understanding and Development Project (DUADP) is a new initiative designed to provide a flexible framework for the Agency's democracy and governance activities in the West Bank and Gaza (WB/G). DUADP is designed to meet both short-term political imperatives and long-term sustainable development objectives.

Democracy and governance (D/G) issues lie at the heart of the Palestinian development problem at this historic juncture. USAID will support this process by weaving D/G themes throughout the assistance portfolio as well as through D/G-specific project activities funded under DUADP. The USAID assistance program goal as well as that of DUADP is: "Palestinians provide for their own economic and social well-being." The democracy strategic objective as well as the purpose of DUADP is: "Palestinians establish democratic and legal institutions to strengthen accountability."

The four components consist of: 1) Elections; 2) Rule of Law (ROL); 3) Civil Society; and 4) Governance. Electoral support will include technical assistance, training and materials production with some commodity purchases and will be implemented mainly through grants or cooperative agreements with American NGOs. The Rule of Law, Civil Society and Governance components will be designed in more detail later but will consist primarily of technical assistance, training and commodity support. No construction is anticipated under this project.

**B. RECOMMENDED ENVIRONMENTAL ACTION**

A categorical exclusion from USAID's Initial Environmental Examination requirement is proposed. Most project resources will be used to finance technical assistance and training. There will be limited commodity procurement. No construction will be financed. USAID Environmental Procedures 22 CFR Part 216.2 (c) (1) (i) and Section 216 (c) (2) (i) provide exclusions for programs which involve technical assistance and education.

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Initial Environmental Examination  
OR  
Categorical Exclusion

Program: West Bank/Gaza  
Activity: Democratic Understanding and Development  
Project No.: 294-0008  
Funding: US\$ 20,000,000  
FYs: 1994-1998  
IEE Preparer: Jeffrey W. Goodson  
Bureau Environmental Officer  
Bureau for Asia and the Near East

Recommended Threshold Decision:

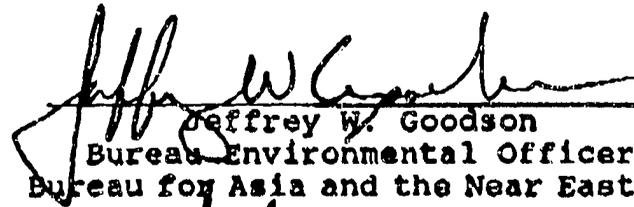
Categorical Exclusion:	<u>          X          </u>
Negative Determination:	<u>                          </u>
Positive Determination:	<u>                          </u>
Deferral:	<u>                          </u>

Discussion:

Project funding includes approximately US\$ 2-3 million in support of election activities in the region, and US\$ 17-18 million for legal, regulatory and judicial (LRJ) activities. Institution-building and other LRJ activities will be supported primarily through the provision of technical assistance and training, but limited office and related commodities will also be procured which directly support the project's LRJ objectives.

This project is eligible and approved for categorical exclusion pursuant to the provisions of 22 CFR 216.(c)(2)(i): "education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment."

Approval Signature:

  
Jeffrey W. Goodson  
Bureau Environmental Officer  
Bureau for Asia and the Near East  
28 Feb 1999  
Date

**WEST BANK AND GAZA  
DEMOCRATIC UNDERSTANDING AND DEVELOPMENT (DUAD) PROJECT  
Project Paper Reference Documents**

- Background Study on Democracy Development in the Palestinian Territories. Prepared for USAID by Carol Thompson Abington, April, 1994.
- First Global Rule of Law Conference Reports. National Center for State Courts and USAID, Center for Democracy and Governance. Washington D.C., July 13-15, 1994.
- Pre-Election Technical Assessment: West Bank and Gaza. Supported by USAID Cooperative Agreement with International Foundation for Electoral Systems. Keith Klein and Adila R. Laidi, January, 1994.
- Technical Assistance for the Preparation of Elections in the Occupied Territories: Report of fact finding mission to the European Commission, by Andrew Ellis, Jurgen Koch and Professor Antonio Bar Cendon, March 3, 1994.
- USAID Democracy/Governance (D/G) Trip Report for West Bank/Gaza. Diana Putman, July 23, 1994.
- USAID West Bank/Gaza Strategy Document, May 1994.
- Weighing in on the Scales of Justice: Strategic Approaches for Donor-Supported Rule of Law Programs. USAID/CDIE assessment report. February 1994.