



PHOENIX Program
Cooperative Agreement # 294-A-00-02-00232-00

FINAL REPORT
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1. Executive Summary

1.1. Introduction

This is the final report submitted by CHF to USAID for the Palestinian Help and Outreach for Empowering Neighborhoods and Increasing Excellence (PHOENIX) Program, Cooperative Agreement No. 294-A-00-02-00232-00. It covers the entire program implementation period from September 13, 2002 until September 30, 2004, or just over 24 months.

The PHOENIX program was a highly participatory employment generation and neighborhood rehabilitation program designed to revitalize some of the most underdeveloped neighborhoods in the largest cities in the Palestinian Territories. It aimed to create, expand, and/or repair vital infrastructure in Gaza, Hebron and Nablus cities through utilizing labor-intensive methods, thus building basic community services in underserved, neglected neighborhoods and generating much needed employment for local residents.

PHOENIX' \$4,820,459 was financed by USAID from the Job Opportunities through Basic Services (JOBS) as the fourth phase of the Community Services Program (CSP). The community contribution totaled \$6,318,387, making it a \$11.1 million dollar program.

PHOENIX drew on CHF's successful previous two programs under CSP: CRSP and VSP. The methodology used for these two, was mobilizing communities in rural areas to directly assist municipalities, local NGOs, and CHF/USAID in the upgrading of their habitats. The decision to target urban areas under PHOENIX was due to the recognition that in declining economies, poor urban areas are often as needy and neglected as rural ones. The program was implemented in the poorest, most under-developed neighborhoods in the three target cities. In Gaza City, PHOENIX was implemented in Al Zarqa neighborhoods; in Hebron the four mini-neighborhoods of Al Rameh, Abu Kteila, Al Mahawer and the Town Center were selected for upgrading, and in Nablus the program was implemented in the rapidly developing area of Al Juneid.

1.2. Summary of Vital Program Statistics

Start Date:	September 13, 2002
End Date:	September 30, 2004 (on time)
Total Program Value	US \$11,138,846
Total USAID Contribution (project investments & administrative costs):	US \$4,820,459
USAID's project investments	US \$3,352,198
Community contribution in kind and cash:	US \$3,980,841
Community contribution in land:	US \$2,337,546
Total Project Investment Value:	US \$9,670,585
CHF's administrative costs	US \$1,468,261 (or less ¹)
Number of employment days created	99,000 contractually foreseen; 135,826 realized

1.3. Results

CHF surpassed all targets outlined in the award.

Section 2.3.1 of this report compares the actual results to the planned targets.

The number of employment days that have been created was 135,826; or 36% more than the 99,000 that was foreseen in the award.

¹ The final figures will be presented in a separate report. The presented figure is the difference between the total program value and the amounts invested in community projects. The real CHF administrative costs (for direct and indirect management) will be less.

The total amount in projects (so without administrative costs for CHF) that actually has been invested was \$9,670,585, whereas the award mentioned \$5,662,965; or 71% more than was foreseen.

The number of households that actually benefited from the projects was over 10,200, whereas 9,000 had been anticipated in the award; or over 13% more than was foreseen.

The average cost per beneficiary was \$26, and because of the high matching contributions, the average USAID cost per beneficiary was \$12.

Section 2.3.2 shows the output per indicator. The 92 projects existed of 245 project activities under the various SO indicators. USAID investments generated a much larger matching contribution for each activity.

- ✓ 54% of USAID's investment resulted in \$4,597,580 invested in 88 roads;
- ✓ 23% of USAID's investment resulted in \$2,676,231 invested in 40 potable water projects;
- ✓ 9% of USAID's investment resulted in \$998,709 invested in 28 sanitation projects;
- ✓ 5% of USAID's investment resulted in \$648,849 invested in 12 youth projects;
- ✓ 3% of USAID's investments resulted in \$283,497 invested in 10 school projects;
- ✓ 3% of USAID's investments resulted in \$161,944 invested in 3 libraries;
- ✓ 2% of USAID's investments resulted in \$157,518 invested in 55 public awareness activities; and
- ✓ 1% of USAID's investments resulted in \$146,258 invested in 6 kindergartens.

So, a total of 100% USAID investments resulted in \$9,670,585 invested in 245 project activities.

Section 2.3.3 gives the projects and outputs per each of the 3 cities. Roughly half of the program resources went to Gaza City, and a quarter of the resources to each Hebron and Nablus.

2. Program Overview

2.1 Goals and Objectives

The goal of the Phoenix program is (1) the creation of immediate, short- and mid-term employment for urban based sectors of Palestinian society which have been occupationally displaced through the implementation of labor-based activities, and (2) improvement of the environment and living conditions for some 65,000 Palestinians inhabiting severely disadvantaged and densely populated urban neighborhoods in the three main cities of Gaza and the West Bank, namely Gaza, Hebron and Nablus.

To achieve this goal, the specific objectives of PHOENIX are as follows:

- 1) Revitalize urban neighborhoods and improve the quality of life for Palestinians living in the program areas through upgrading and rehabilitating infrastructure and services;
- 2) Create or sustain local employment through labor-based projects applying cost-efficient methods;
- 3) Improve municipal services through enhancing management, maintenance, employment and cost recovery skills for infrastructure/service providers and stimulate increased coordination and cooperation between area residents and the municipalities.

2.2 Problems Addressed

2.2.1 Inadequate Infrastructure and Community Services

Gaza City, Hebron and Nablus are large, densely populated Palestinian cities and highly lacking in basic infrastructure. The particular urban neighborhoods targeted under PHOENIX are among the most impoverished and neglected ones in the three cities; CHF and the relevant municipalities together identified these neighborhoods based on existing data and new research

conducted by program staff. The most pressing infrastructure and service needs were jointly identified based on the municipality's knowledge of the area, priorities defined by the beneficiaries themselves, USAID's guidance regarding necessary developments, and CHF's worldwide expertise in the development of communities, habitat, and finance.

In Gaza, CHF assessed in 2000 that Al Zarqa neighborhood lacked major infrastructure in most areas, particularly with regard to residential streets. CHF/USAID activities have paved roads, constructed and expanded the water and sewage networks, and prepared the streets for electricity connections. In addition, CHF/USAID worked on improving community services in the area by upgrading schools, kindergartens, playgrounds, and youth centers, while providing public awareness and training.

In Hebron, CHF and the municipality jointly selected the four areas that most needed upgrades in water, sewage, and road infrastructure. CHF/USAID rehabilitated roads in areas where the municipality was completing sewage and water works. The Municipality participated in building the side walks along the CHF/USAID paved roads. In addition, CHF/USAID implemented community projects to rehabilitate schools, upgrade women's and youth clubs and build playgrounds.

In Nablus, CHF and the municipality jointly selected Al Juneid, at the western side of the city, as an area that needed to be upgraded to facilitate the planned building of homes and expansion of the newly constructed university campus. CHF/USAID's work to link Al Juneid area to the municipal water system complemented the municipality's activities in construction and overall development of the area, including road improvements and sewage network expansion. CHF/USAID also worked to improve community services in Al Juneid through projects designed to upgrade kindergartens, a school, a women's center, and build a playground.

Gaza City – Al Zarqa Neighborhood

Al Zarqa is a poor, densely populated area in northern Gaza City. Because of its location, Al Zarqa was not a political priority from 1994 through 2000, until the former mayor of Gaza and CHF started searching for resources to upgrade the neighborhood.

To date, CHF and partners have made a substantial impact in the areas where they have worked in terms of linking the neighborhood to municipal water, sewage and storm water facilities, in paving roads and streets, and making other improvements to the area such as installing street lights and sidewalks, rehabilitating youth facilities (including schools) and constructing playgrounds.

May 2004: From a community member in Al Zarqa - ***“For all these years our neighborhood was so neglected. CHF/USAID was the first organization to enter our area and make a real difference; we hope in the future that they can continue their excellent work to reach the other needy parts of Al Zarqa.”***



A boy from Zarqa neighborhood

More specific information about Al Zarqa neighborhood, including a map, can be found in Annex1.

Hebron – Al Rameh, Abu Kteila, Al Mahawer and Town Center

CHF, the Palestinian Water Authority and the Hebron Municipality jointly selected the four mini neighborhoods of Al Rameh, Abu Kteila, Al Mahawer and Town Center for upgrading and development.



The four targeted neighborhoods are located in the northern and central parts of Hebron and are poor, densely populated, and lacking in basic infrastructure and municipal services.

Project activities have connected homes and establishments in the area to existing sewage and water supply networks and reinstated or paved roads, thus upgrading the overall services in the areas. In addition, project activities have included the construction of playgrounds and the rehabilitation of existing youth and women's centers, thereby contributing to increased recreational and learning opportunities for children and women. More specific information about the target neighborhoods in Hebron, including a map, can be found in Annex 1.

Nablus – Al Juneid Neighborhood

Al Juneid is an underdeveloped area in the western district of Nablus City. It has been experiencing a rapid urbanization and growth process, with many new immigrants moving into the area from rural villages and other parts of Nablus City in order to seek work.



Projects have improved the water network in the area by linking the Al Juneid reservoir to the municipal water system, upgrading old pipes, and expanding the network to cover the needs of the existing residents and expected newcomers to the area.

Community prioritized projects such as school and kindergarten rehabilitations, public awareness programs and playground constructions were implemented as well. In addition, a few road improvement projects were completed in response to high community demand, and to complement road works in the area implemented by the municipality.

Quote: From the Head Engineer in the Nablus Water Department, referring to the CHF/USAID program in Al Juneid: "Without this program, there wouldn't be enough water for the people of Al Juneid."

For Al Juneid's neighborhood profile, refer to Annex 1.

2.2.2 Increased Unemployment and Poverty

The Palestinian economy has been severely disrupted as a result of Israel's closure policies and the deteriorating political situation in the region. Since the beginning of the new Intifada in late 2000, the Palestinian labor force has lost over 240,000 jobs (50%) from both the Palestinian Territories and Israeli labor markets. PCBS figures for the first quarter of 2004 show that formal unemployment rates in WBG have reached 32%; while informal rates are as high as 64%.² Real annual per capita income contracted by 44% between 1999 and the end of 2003.³ As a result, *poverty rates throughout the PT have tripled* from 20% to over 60%; in Gaza, the situation is even more alarming with 75% of the population living in poverty.⁴

Recent data from the World Bank indicate a modest increase in the number of employment (compared to figures from September 2002); however, with the population growing at approximately 4.3 percent per year, dependency ratios – the total population divided by the number of employed persons – have increased significantly over the Intifada period. In late 2000, each employed person in the West Bank was supporting 4.3 persons; by the end of 2003 one salary was supporting 5.4 persons. The dependency ratio in Gaza increased even more dramatically, from 5.9 to 7.7.⁵

2.2.3 Municipal Services/Weak Local Government Capacity

Years of economic and political dislocation, neglect of local institutions, and under-investment in the public sector have contributed greatly to the inadequate level of infrastructure and services experienced now in the main cities of Gaza and the West Bank. Even before the Intifada, municipalities did not receive systematic financial or technical assistance from the PA or donors, and thus struggled to provide basic municipal services. Since the outbreak of the Intifada, municipalities have faced an increasingly difficult task to continue to provide services while faced with growing deficits from insufficient revenue collection due to people's inability to pay taxes. Municipalities have gone into crisis mode, and have been forced to eliminate new projects, cut back on maintenance, and reduce the level of their services. Most municipalities have little money for maintaining local roads, and most such work done during the Intifada has been funded by donors through job creation programs. Furthermore, widespread destruction of public infrastructure during Israeli military raids only increases the need for such repair and rehabilitation work for which the municipalities have no financial capacity to implement.

November 2003: From Marwan al Akhdar, city engineer in Hebron, commenting on the PHOENIX Program - "Communities rely on the municipality to provide them with services, but sometimes we cannot meet the needs because of limited resources. USAID and CHF are enabling us to meet the vital needs of our constituents. Thank you for helping us do our job."

² PCBS, Press Release on Labor Force Survey Results (January-March, 2004).

³ World Bank, the Trust Fund for Gaza and West Bank: Status, Strategy and Request for Replenishment, November 2003.

⁴ World Bank, The World Bank and the Private Sector: Stock-taking since the Second Intifada, September 2003.

⁵ World Bank, West Bank and Gaza Update, March 2004.

2.3 Program Achievements

2.3.1 Planned vs. Actual Achievements (Contracted vs. Actual)

Output Description	Planned in Contract	Planned in the first Implementation Plan	Achieved by Program End
# of employment days generated in Total	99,000	116,000	135,826
in Gaza	69,000	58,800	67,701
in Hebron	13,500	30,000	36,236
in Nablus	16,000	27,600	31,889
Number of projects	Not specified	76	92
Direct Beneficiaries	65,000	300,000	283,464
Number of Households benefited	9,000	Not specified	More than 10,200
Total Program Investment Value ⁶	\$5,662,965	\$7,110,789	\$9,670,585
Total Matching Contribution	\$2,168,026	\$3,615,850	\$6,318,387

Total Employment Days Generated

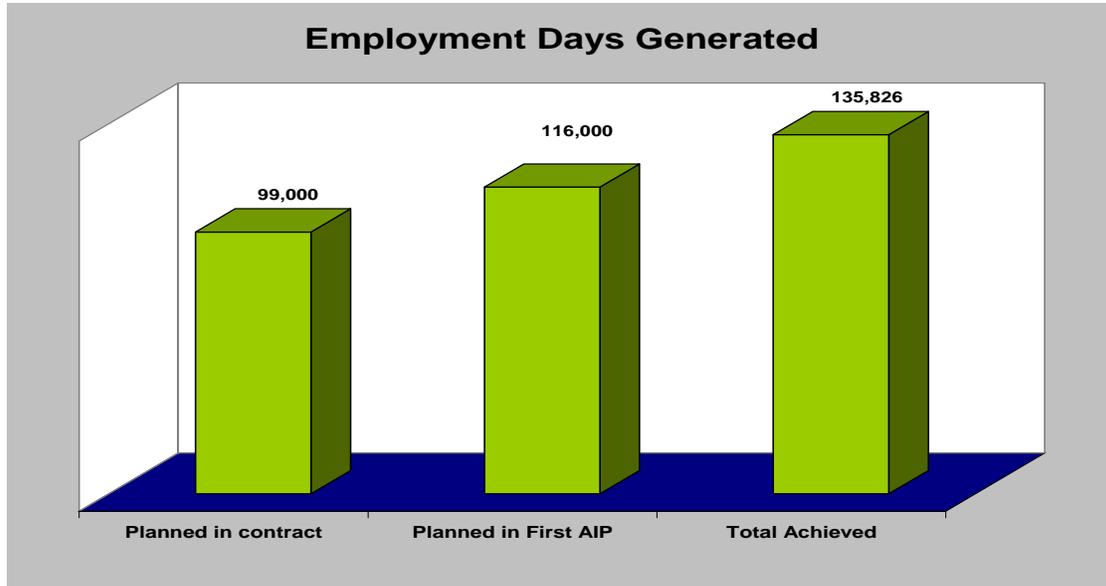
The PHOENIX program generated a total of 135,826 employment days, or 5,204 months of short-term employment in the three program areas combined. This provided much needed cash infusions into local economies and helped households generate income to meet their immediate needs.

In addition, tens of thousands of new or sustained long-term employment days resulted from new infrastructure and community services rehabilitated or constructed through PHOENIX program activities in Gaza, Hebron and Nablus. Numerous municipal jobs were sustained through the program, as the municipalities dedicated significant staff time and effort from engineering, city planning and water and sanitation departments to prepare designs, monitor, operate and maintain projects, as well as implement significant matching contribution works. Many municipal engineers, supervisors and laborers who may have been facing layoffs found that their jobs were prolonged because of the PHOENIX program.

The award planned for 99,000 “created and sustained” employment days and did not mention the long-term jobs. CHF surpassed the employment target by 36%.

Each employment day generated cost an average of \$54, while USAID’s cost per employment day was \$25.

⁶ USAID input + matching contribution, not including management costs



Number of Projects

The contract did not specify the number of projects to be implemented, but the first Implementation Plan for FY 2003 stated that by the end of the program, 76 projects would have been implemented. In actuality, 92 projects were implemented. This was due in part to the fact that costs per project were lower than expected through 1) competitive bidding among contractors, and 2) the high matching contribution works which covered some project activities. Lower costs per project freed funds so that they could be invested into additional projects which were prioritized by the municipalities and communities, after the approval by USAID of the second Implementation Plan. USAID also granted CHF permission to implement three “reserve projects” to fully expend project funds. Thus, the total number of projects implemented over the life of the program was greater than anticipated in the first Implementation Plan.

Direct Beneficiaries Reached

The total number of beneficiaries reached far exceeded the 65,000 mentioned in the contract, reaching 283,464 by program end. Due to population growth, and in particular the rapid growth of Al Juneid area encouraged by CHF/USAID works, there are currently 71,500 inhabitants in the target neighborhoods of the three cities. That means that each resident benefited an average of almost four times from the improved services initiated by USAID/CHF’s program⁷.

Number of households benefited

The contract stated that by the end of the 24-month implementation period, the PHOENIX program will have created safer and healthier living conditions for over 9,000 households. The program has actually benefited over 10,200 households in the three program locations combined⁸. The reasons for the higher number of households in the program area are given in the above section.

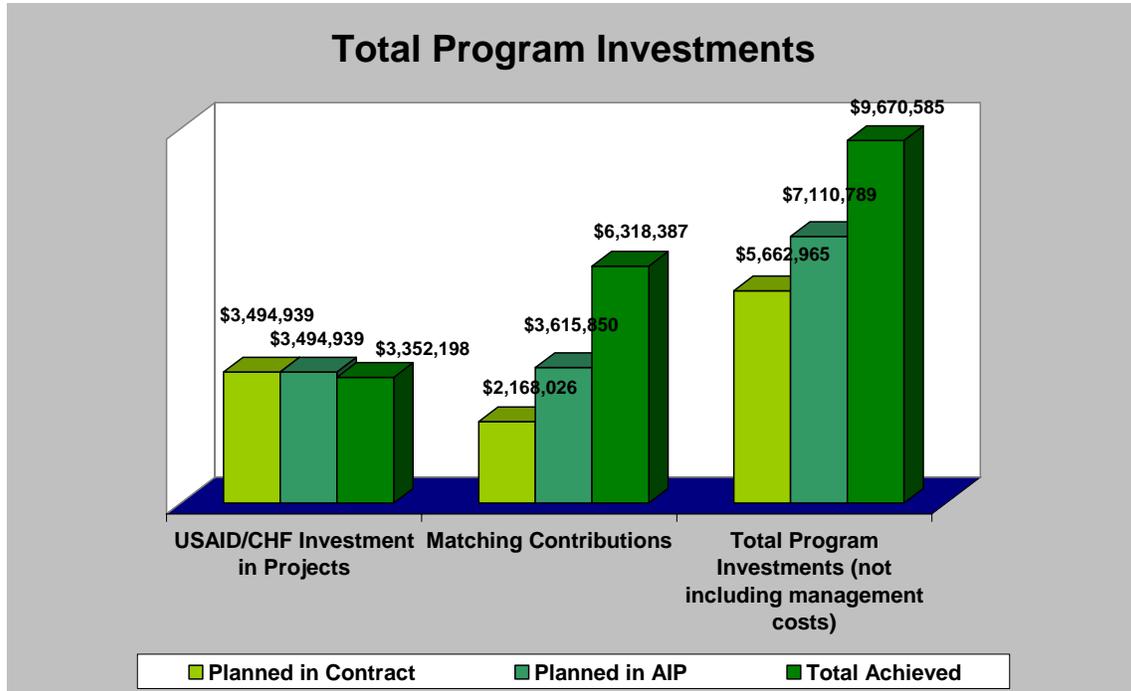
Total Program Investments

The total program investments value refers to the USAID contribution to projects (not including management costs), plus the matching contribution. The actual achievements far exceeded the planned figures; in the contract, CHF estimated that the total program investments would reach

⁷ Beneficiaries were counted each time they benefited from a project in the program areas; benefiting households were counted only once per program area.

⁸ Using the Palestinian Central Bureau of Statistics average household size (7 persons per household – 1997 figure).

\$5,662,965 (\$3,494,939 in USAID project investments, \$2,168,026 in matching contributions), in the Year 1 AIP, the estimate of the total program investments grew to \$7,110,789 (\$3,494,939 in USAID project investments and \$3,615,850 in matching contributions). The actual total program investments in PHOENIX reached \$9,670,585 by program end; (\$3,352,198 in USAID project investments, and \$6,318,387 leveraged in matching contributions).



Total Matching Contribution

The matching contributions were raised by CHF and its partners, the communities, municipalities, NGOs, and others. The total of the matching contributions was \$6,318,387 which is almost three times the anticipated amount, in other words: CHF and partners raised additional \$4,150,361 in matching contribution, or 191% more than what had been foreseen in the award. The excess is almost three times the amount that CHF charged for its administrative costs. Should we deduct the entire land value⁹ of \$2,337,536, the matching contribution would have been \$3,980,841.

The total cost sharing in USAID's project investments was 188%. Of this, the municipalities and the beneficiaries together brought 140% match of the USAID project investments, whereas the Palestinian Authority contributed 49% of the USAID project investments:

Source of the cost share	Amount	Absolute %	Relative %
Municipalities/Beneficiaries in cash/kind	\$2,342,133	70%	37%
Municipalities/Beneficiaries in land	\$2,337,546	70%	37%
Palestinian Authority in cash/kind	\$1,638,708	49%	26%
TOTAL of cost sharing	\$6,318,387	188%	100%

⁹ Including the land value is not only in line with 22.CFR.226, but also because the beneficiaries either spent money on the purchase of land or did not receive the money that they would have received in case they would have sold the land. The value of the land was determined by independent and official land appraisers.

The above table illustrates that the beneficiaries and the municipalities together brought 74% (37% + 37%) of the total matching contribution of \$6,318,387, whereas the Palestinian Authority contributed via its line ministries and PEC DAR 26% of the total match.

2.3.2 Outputs Per Indicator

USAID investments were used specifically for the labor component of projects and local contribution was used to finance other, non-labor or not labor intensive activities, including donation of land. This would explain the high percentages of USAID investments which directly produced employment days. The high matching contribution leveraged allowed more of USAID funds to be invested in the labor components of projects

SO8-A011-12 Construction/Renovation of Educational Rooms and Other School Facilities

- 7 projects with this indicator completed in the three program areas combined (to improve a total of 10 schools)
- Over 2,277 m2 of educational space rehabilitated in total
- \$97,388 total USAID Investment
- \$186,109 total matching contribution
- \$283,497 total financial input
- 2,789 employment days generated through improvements to schools
- 9.8% of the total investments went directly into labor, and as a result of the high matching contributions, 29% of USAID investments in this sector went directly into producing employment days.



SO8-A013-17 Construction/Renovation and Equipping of Kindergartens

- 3 projects with this indicator completed in the three program areas combined
- Improved a total of 6 kindergartens
- \$37,225 total USAID investment
- \$109,033 total matching contribution
- \$146,258 total financial input in construction/renovation and equipping kindergartens
- 1,563 employment days created
- 10.6% of the total investments went directly into labor, and as a result of the high matching contributions, 41% of USAID investments in this sector go to producing labor days



SO8-A041 Construction/Renovation of Sources of Potable Water

- 40 projects with this indicator completed in the three program areas combined (this figure also includes works implemented by partners as matching contribution to USAID/CHF projects)
- Over 30,000 meters of water pipes installed or rehabilitated in all three areas combined
- \$787,257 total USAID investment
- \$1,888,973 total matching contribution
- \$2,676,231 total financial input in construction/renovation of potable water sources
- 34,858 employment days created through water projects

- 13% of the total investments went directly into labor, and as a result of the high matching contributions, 44% of USAID investments in this sector went directly into producing employment days

SO8-A042 Construction/Renovation of Waste Water Collection, Treatment, Networks and Disposal Systems

- 28 projects with this indicator completed in the three program areas combined (this figure also includes works implemented by partners as matching contribution to USAID/CHF projects, for which there were no direct USAID investments)
- Over 24,800 meters of waste water collection pipes rehabilitated (including pipelines installed as matching contribution)
- \$301,040 total USAID investment
- \$697,669 total matching contribution
- \$998,709 total financial input in construction/renovation of waste water collection networks
- 18,340 employment days created through improvements to waste water collection networks
- 18% of the total investments went directly into labor, and as a result of the high matching contributions, 61% of USAID investments in this sector went directly into producing employment data.

SO8-A051 Construction/Improvement of Interior and Connecting Roads

- 40 projects with this indicator completed in the three program areas combined
- 88 streets rehabilitated
- Over 33 km of roads improved
- \$1,798,541 total USAID investment
- \$2,799,040 total matching contribution
- \$4,597,580 total financial input in construction/improvement of roads
- 68,849 employment days created through road improvement projects
- 16% of the total investments went directly into labor, and as a result of the high matching contributions, 38% of USAID investments in this sector went directly into producing employment days



SO8-A021 Construction/Renovation of Facilities for Youth (Playgrounds, Youth Centers, etc., includes Women’s Centers)

- 12 projects with this indicator completed in the three program areas combined
- 3 playgrounds constructed
- 6 Youth clubs rehabilitated
- 2 women’s centers rehabilitated
- \$152,324 total USAID investment
- \$496,524 total matching contribution
- \$648,849 total financial input in improving youth facilities
- 5,454 employment days created through construction/renovation of facilities for youth and women
- 8.4% of the total investments went directly into labor, and 36% of USAID investments in this sector went directly into producing employment days



SO8-A015/23/44/63/91/95 Public Awareness on Various Topics and Community Information Meetings

- 55 projects with activities falling under these indicators completed in the three program areas combined
- 75 awareness sessions held
- More than 3,000 hours of participatory community information meetings, coordination sessions and informal assessments conducted throughout the life of the program
- More than 250 community meetings held to prioritize projects with the communities, publicize the projects and obtain feedback.
- \$79,979 total USAID investment
- \$77,539 total matching contribution
- \$157,518 total financial input in public awareness programs and community information meetings
- 1,901 employment days created through public awareness programs and community meetings
- 12% of the total investments went directly into labor, and 24% of USAID investments in this sector went directly into producing employment days

2.3.3 Program Achievements per Target Areas

Gaza

In Gaza, the major works implemented under PHOENIX included comprehensively upgrading streets by installing new water, sewage and storm water drainage lines, paving streets in asphalt or interlocking tiles, preparing streets for improved public works, and making other improvements to the area such as installing street lights and sidewalks, rehabilitating youth facilities (including schools and kindergartens, constructing a playground and providing training and awareness projects for area residents.

Highlights of the achievements in Gaza include:

- 41 Projects completed in total; 15 in Year 1, 26 in Year 2
- 70 streets in Al Zarqa were comprehensively upgraded through 19 projects (water, sewage, public works and paving).
- Total USAID investment in Gaza projects: \$1,613,316
- Total Matching contribution leveraged: \$2,186,761
- Total Number of employment days generated: 67,701
- 7 schools rehabilitated, 4 kindergartens improved through rehabilitation and equipping, 4 youth centers upgraded, 1 playground constructed, 1 library/cultural center created, 1 training room rehabilitated
- 9 awareness projects completed, covering topics such as: Child health and Safety, Skills enhancement for the unemployed, summer camps for children to promote safety and protection of improved infrastructure, democracy and women's leadership, etc.
- More than 900 hours of participatory community meetings and consultation sessions held

Refer to Annex 2 for the chart of projects completed in Gaza, Hebron and Nablus, outlining USAID investments, matching contribution, total project values, total beneficiaries and employment days per project.

Hebron

In Hebron, PHOENIX activities connected homes and establishments in the area to existing sewage and water supply networks and reinstated or paved roads, constructed playgrounds and rehabilitated existing youth and women's centers.

Highlights of the achievements in Hebron include:

- 24 Projects completed in total; 5 in Year 1, 19 in Year 2
- 15 streets in Hebron were comprehensively upgraded through 16 projects. USAID/CHF paved roads and the Hebron Municipality installed sewage lines, upgraded water lines, installed sidewalks, and in some cases contributed materials for paving.
- Total USAID investment in Hebron projects: \$812,848
- Total Matching contribution leveraged: \$2,036,546
- Total Number of employment days generated: 36,236
- 4 schools rehabilitated, 1 playground constructed, 1 library/cultural center created
- More than 1,100 hours of participatory community meetings and consultation sessions held

Nablus

PHOENIX activities in Nablus served to link Al Juneid reservoir to the municipal water system and upgrade old water pipelines, thereby giving the Al Juneid neighborhood access to a clean, steady supply of water. Other community-prioritized activities included rehabilitating a school, kindergarten and roads, as well as providing summer camp and awareness activities for children.

Highlights of the achievements in Nablus include:

- 27 Projects completed in total; 5 in Year 1, 22 in Year 2
- 15 water projects linked the Al Juneid reservoir to the municipal water system, and upgraded old water lines. This allowed the municipality to provide the area with enough water to serve their needs. Eliminating comprehensively upgraded through 16 projects. USAID/CHF paved roads and the Hebron Municipality installed sewage lines, upgraded water lines, installed sidewalks, and in some cases contributed materials for paving.
- Total USAID investment in Nablus projects: \$926,034
- Total Matching contribution leveraged: \$2,095,080
- Total Number of employment days generated: 31,889
- 1 school rehabilitated; 2 kindergartens constructed; 1 playground constructed; 1 library/cultural center created.
- More than 1,000 hours of participatory community meetings and consultation sessions held.

3 Program Implementation

3.1 Overview

Integral to CHF's development strategy is the involvement of communities throughout the planning, implementation and evaluation of programs. Direct contact with the community members themselves, through community meetings and training activities, is a cornerstone of CHF's approach. In the West Bank and Gaza, CHF had previously employed this model in its successful CRSP and VSP programs implemented in small rural communities in the south of the Gaza Strip. Through PHOENIX the model was adapted to fit the urban settings, where larger, more diverse communities exist. In Gaza, Hebron and Nablus, PHOENIX worked to create linkages between grassroots community groups, individuals living in the target areas, and local government representatives in order to promote a more responsive local governance system and to help ensure that the provision of community and infrastructure services met the needs of the most vulnerable as expressed by the communities themselves.

The process of engaging communities and municipalities was as follows: first, CHF brought communities and municipalities together to prioritize projects, then communities and municipalities made work plans and defined the activities to be implemented in preparation for implementation, during implementation and afterwards during the maintenance and operation period. Next, CHF wrote the Annual Implementation Plan and submitted it to USAID for approval. Once approved, CHF and partners began implementing the projects.

3.2 Management & Staffing

The program proposal suggested the following program management staff:

- Country Director: Mr. Matthew Lovick
- Program Director: Mr. Henri Disselkoen
- Deputy Program Director: not proposed
- Deputy Head of Operations: Mr. Saad Rizkallah

All proposed staff worked in the program. Ms. Stephanie Hansel was recruited as the Deputy Program Director. During program implementation Mr. Matthew Lovick accepted another post, and Ms. Lana Abu Hijleh replaced him as Country Director. This change in key staff was approved by USAID. Local staff was also recruited to fill various posts. The table below provides staffing details:

Position	Name of employee	Period of assignment
PHOENIX Program Management		
Country Director	Matthew Lovick	09/2002 – 06/2003
	Lana Abu Hijleh	11/2003 – 06/2004
Program Director	Henri Disselkoen	09/2002 – 09/2004
Deputy Program Director	Stephanie M. Hansel	10/2002 – 09/2004
Deputy Head of Operations	Saad Rizkallah	09/2002 – 05/2004
Community Participation Team		
Senior Community Specialist	Maisoun Filfil	10/2002 – 04/2003
Senior Social Expert	Najla Shawa	10/2002 – 09/2004
	Mai Shakhshir	11/2002 – 08/2004
	Hana Abdeen	12/2002 – 09/2004
Infrastructure Team		
Senior Engineer	Housam El Barasy	12/2002 – 06/2004
	Nael El Jamala	05/2004 – 09/2004
	Munir Shahatit	11/2002 – 09/2004
	Majed Al Sari'	12/2002 – 07/2003
	Naser al Masri	11/2002 – 09/2004
	Muhammad Subhi Sakhel	11/2002 – 09/2004
Information & Monitoring Specialist	Osama Abu Middain	09/2002 – 08/2004
Administrative Staff		
Accountant	Adli al Helou	
Cost Sharing Administrator & Accountant	Jawdat Abu Ramadan	09/2002 – 09/2004
Office Clerk	Ibrahim	09/2002 – 09/2004
Social Assessment Expert	Christina Abdel Shafi	
Economist	Adel Najjar	

Assisting as consultants was: Muhammad Said Al Hmaid 06/2001 – 11/2001

3.3 Monitoring and Reporting

CHF International has developed a number of information tools that were used throughout the program:

Financial Management

Quick Books, the CHF International standard project accounting package, was used for the financial management of the program. This financial accounting package has a pre-defined chart of accounts. In 2003 CHF appointed a Chief Financial Officer, Mr. Alaa Sisalem, to be responsible for supervising and consolidating all CHF WB/G financial management and accounting systems in full coordination with CHF Head Quarters. CHF submitted form S-269 to USAID on a quarterly basis during the entire implementation period. A consolidated financial report is submitted together with this report. The final financial report will be submitted upon

conclusion of CHF's A-133 audit of the 2004 fiscal year, which is routinely issued 4 to 5 months after the fiscal year end.

Reporting on status of project implementation

Status reports: On a half-monthly basis, CHF generated status reports that documented a) the status of work for all projects under implementation for a given period (and specified for each activity indicator and locality); the exact implementation period, the financial data for the project b) the status of expenditures of USAID funds. Those excel sheets provided information on all planned projects, projects under implementation and completed projects listed according to a) the fiscal year b) the location and c) the Intermediate Results (IRs).

The Geographical Information Systems: As required by USAID, CHF regularly inputted data on all on-going and recently completed projects into the web-based GIS system.

Bi-Weekly Reports: As requested by USAID, CHF provided bi-weekly updates on projects' status, program news and events, and difficulties faced. This allowed USAID to follow PHOENIX projects on an on-going basis, rather than only on a quarterly basis.

Quarterly reports: A total of 7 narrative quarterly reports as well as 7 financial quarterly reports were submitted to USAID describing in detail project implementation status, issues, results, beneficiaries, employment and community contributions etc. Attached to the quarterly reports were CHF's Project Reporting System (PRS) data sheets¹⁰.

3.4 Implementation Partners

The two foremost important partners were the grassroots communities themselves and the municipalities. CHF brought these two partners together with very successful outcomes. Creating this cooperation and setting up committees created greater understanding between service providers and service receivers.

3.5 Community Participation Methodology

Quote: From a member of the neighborhood committee in Hebron; "**CHF works differently than other organizations – it involves us in every aspect of the projects from start to finish and really gives us a chance to participate in upgrading our community.**"

The community participation methodology employed by the PHOENIX program assists communities in realizing their own development objectives. CHF/PHOENIX focused on the development of strong community committees and setting up cooperation mechanisms between them and the municipalities. In the neighborhoods where such committees existed, CHF supported and encouraged their growth through open community meetings and consultations, training projects, and exposing the committees to existing organizations, community support services and formal and informal networks in their areas. Where committees did not exist, CHF encouraged their establishment and provided needed support and guidance. By the end of the program, 3 neighborhood committees had been formed, one in each city. The Al Zarqa Neighborhood Committee became officially registered with the Gaza Municipality.

¹⁰ The Project Reporting System (PRS) pioneered by the CHF REDI program in Lebanon was selected as the most suitable information and reporting system for PHOENIX. PHOENIX staff members were trained in the operation and maintenance of this system and attached the updated forms to each quarterly report.

Numerous relationships with stakeholders were developed and partnerships were strengthened through cooperation on project implementation and follow-up. In all areas, the teams closely cooperate with neighborhood committees, local organizations and groups representing the target populations. This fostered open communication between CHF, municipalities, and the target communities and created a sense of joint responsibility, ownership and pride in the projects completed. This approach was also very successful in creating linkages between local government and community groups to promote transparent, democratic governance processes. These linkages have lasted beyond the life of the program, and both municipalities and communities recognize the benefits to improved communication and access to decision making processes. For municipalities, responding to needs prioritized by citizens living in underserved areas has improved their image as responsible civil authorities, and generated a higher level of trust among their constituency. For citizen groups, having direct access to municipal decision makers has had tangible results through improvements to the infrastructure and services in their neighborhoods. Finally, both communities and local government bodies have experienced the real benefits of participatory processes on the local level, helping to lay the foundations for a more democratic society and form of government.

Quote: From the lead representative of Al Juneid neighborhood committee: **“Al Juneid used to be only a village; even though our area is within the city limits, we didn’t feel connected to the municipality. Now because of CHF/USAID’s PHOENIX program to rehabilitate our area, we really feel like we’re a part of Nablus City.”**

CHF’s community participation approach catalyzed communities to mobilize their own resources to contribute to projects. Communities willingly donated land, labor and their time to contribute to projects they had prioritized, planned and implement with local government partners and CHF. Once empowered to identify and prioritize projects, they also contacted other local resources and groups to contribute to CHF projects and even fulfill other needs. For example, in Hebron, a community group wanted training and workshops on women’s psychosocial health. CHF helped the community identify and contact a local medical organization to provide the training free of charge. In this way, CHF provided the community with the tools that helped to increase their self-reliance and meet their prioritized needs utilizing existing community resources. Likewise, in Nablus, the committee responsible for the women’s center rehabilitated by CHF/USAID contacted many local NGOs to set-up training courses and activities.

3.6 Coordination with Municipalities

The municipalities of Gaza, Hebron and Nablus cities were the main implementation partners for CHF/PHOENIX. Full cooperation between CHF and the municipalities ensured complete “buy-in” and support for the program, making the program a success in each location. General MoUs were signed with the municipalities in the beginning of the program, outlining the roles and responsibilities of both partners. The municipalities’ responsibilities included: jointly assessing the needs of the most impoverished neighborhoods with CHF, prioritizing projects in conjunction with communities, preparing the technical designs, implementing necessary complementary or preparatory works (such as opening roads, widening streets, etc.), mobilizing sufficient matching contribution, supervising the implementation of the works on-site, verifying quantities for payments, and operating and maintaining the implemented projects.

Working with municipalities proved to be a rewarding experience for CHF, the municipalities and the local communities. As mentioned previously, communities and municipalities developed new or better working relationships and each felt like the other became more responsive and understanding to the needs and challenges they face. Municipalities benefited from CHF’s technical and managerial expertise, and became more capable in designing, tendering and implementing infrastructure improvement projects. They even hired additional engineers and other technical staff to work specifically on PHOENIX projects, as in the case of Gaza Municipality. The municipalities far surpassed their matching contribution goals by leveraging significant funds and investing sizeable amounts of their

own limited resources into the PHOENIX program by making available their own labor, machinery, materials and land.

3.7 Difficulties Encountered

3.7.1 Movement Restrictions

The movement restrictions were a constant difficulty encountered by the program staff, and at times hindered or delayed program implementation. The three major types of movement restrictions encountered were: 1) restrictions on the movement of staff in and out of cities (checkpoints); 2) restrictions on the movement of staff and goods within cities (curfews); and 3) material transport problems through checkpoints. Staff movement into and out of Gaza was significantly hindered throughout the program implementation. Local staff was almost always prevented from traveling into or out of the Gaza Strip, which meant that a planned training conference had to be cancelled (twice). The program's expatriate staff members also faced significant problems at Erez Crossing, with long delays common. Travel between Hebron and Nablus was often difficult, with long delays at checkpoints and long, circuitous travel due to earth barriers and road closures. The material transport issue was an issue faced at one time or another in each program location. Contractors and municipalities in Gaza, Hebron and Nablus all faced problems in transporting needed materials into the cities and to projects sites, and some projects were delayed as a result. In a few cases, CHF asked USAID for help (particularly for assistance in transporting materials to Gaza through Karni Crossing), and in other cases the municipalities were able to assist through their own channels with the Israeli Civil Authorities.

3.7.2 Safety

Safety remained of paramount concern throughout the program's implementation. Safety refers to both safety on and around the project sites, and security related safety for staff members and property. Safety procedures and guidelines were clearly stated in all tender documents and measures such as the use of warning tape and signs and closing roads during project implementation were commonly employed. Furthermore, site selection and environmental assessments were important aspects of safety. Detailed security guidelines and contingency plans were developed and followed throughout the life of the program. Nevertheless, the often fluid security situation meant that the guidelines had to be continually updated and modified to suit the particular needs of each situation and location. The municipalities proved to be invaluable sources of information and were referenced on numerous occasions for vital information on safety related matters. Fortunately, no serious safety incidents occurred.

3.7.3 Vetting

A number of contractors were vetted throughout the program implementation, in accordance with USAID's vetting and certification procedure. Once submitted, the vetting applications often took weeks to clear; six PHOENIX projects were delayed for more than 5 weeks due to vetting.

3.7.4 Terrorism Certification

CHF worked with grass root level organizations via the municipalities, so at no time was any NGO a second tier partner for CHF. However, CHF did its utmost to secure that all obligations towards the terrorism certification was fulfilled.

4 Program Impacts & Sustainability

PHOENIX, as a Job Opportunities through Basic Services (JOBS) program, focused both on employment generation and on community services.

4.1 Employment

The PHOENIX impact on employment was successful by two standards: the World Bank multiplier model and USAID's EEGP criteria.

World Bank's multiplier model

After the start of PHOENIX, the World Bank and the Palestinian Authority Ministry of Planning and International Cooperation conducted studies on the effectiveness of infrastructure construction programs like PHOENIX in terms of employment generation. A multiplier model was developed that looked at the creation of employment days inside the Palestinian Territories, as opposed to the creation of jobs outside the Palestinian Territories. It was found that from an employment generation point of view, infrastructure construction programs may have a positive effect on logistics and thus on the economy, but that "such programs" did not contribute the maximum number of employment days to the Palestinian economy.

CHF has used this World Bank model to test PHOENIX's impact on the Palestinian economy. The results of this test show that PHOENIX was successful. According to the multiplier model, PHOENIX was a fully mature and successful employment generation program with a measurable and satisfactory impact on the Palestinian economy.

The tables and graphs showing the outcome are provided in Annex 3

USAID's criteria for the Emergency Employment Generation Program

The second test PHOENIX passed is the criteria set by USAID for the Emergency Employment Generation Program (EEGP): 150,000 employment days for a USAID investment of maximum \$10 million. The USAID investment in PHOENIX was 48% of USAID's available \$10 million, but the number of employment days generated by PHOENIX was 135,826, or over 90% of USAID's target.

4.2 Basic services

The PHOENIX program has had a lasting, positive impact in the target neighborhoods through creating and/or repairing of vital community infrastructure and services. Paving and upgrading streets, repairing sanitation lines, expanding and rehabilitating water networks and constructing, rehabilitating and improving schools, kindergartens, playgrounds, youth clubs and women's centers has had numerous environmental and public health impacts. These impacts include:

- Ridding the area of septic tanks that allow sewage to seep into the underground;
- Elimination of sewage flooding, thus significantly reducing the amount of disease carrying insects and rodents in the area;
- Improved access to the areas for local service providers, such as solid waste collectors
- Improvements to the appearance and quality of public spaces;
- Beautification of the neighborhood through greening and landscaping activities;
- Overall improvements in public health, through access to clean water for drinking and hygienic purposes;
- Increased public lighting and walkways, resulting in increased security and safety for pedestrians; and
- Improvements in local traffic, resulting in a decrease in traffic accidents and improvements in road safety in the area.

Substantial improvements to basic services also have positive economic and social impacts. Economic activity is facilitated through improved travel networks, which increases access to

markets and allows for improved transport of goods and materials within cities. Improvements to services such as water and sanitation also facilitate higher cost-recovery for municipalities, as more users connected to systems means more user fees which can be collected. PHOENIX improvements to vital infrastructure have also increased the efficiency of community services (and lowered running-costs) for municipalities. For example, water loss from leaking, broken or rusted pipes has been reduced, linking the surrounding area to the Al Juneid reservoir has eliminated the municipality's need to pump in water from far away (and thus saves on electricity and gasoline), and municipal services like sewage and garbage collection and disposal have been improved. The construction of recreational facilities increases learning and educational opportunities for children and women, thereby preparing them for future employment prospects, in addition to improving children's psychosocial development.

4.3 Sustainability

The Phoenix Program has guaranteed basic forms of sustainability through:

- ✓ active participation of the community in all stages, creating ownership
- ✓ building the capacity of service providers and service managers
- ✓ assisting in the design and implementation of cost-recovery schemes
- ✓ ensuring municipal involvement and follow-through on commitments
- ✓ coordination and full cooperation with line ministries and other governmental authorities such as PEC DAR.

An example of line ministry involvement was CHF's securing the commitment of the Ministry of Education on a regular basis for projects involving educational infrastructure, supply of equipment to schools, and joint activities such as summer camps and awareness activities for children and youth.

5 Lessons Learned

In this section a number of lessons learned relating to specific sectors are listed. These lessons are derived from the two years of program implementation, the mid-term monitoring and review (conducted for the 5th quarterly report), and the observations and experiences of the PHOENIX management and technical staff.

- Providing trash bins as part of road rehabilitation projects is recommended, as in Gaza, many of the streets were found to be dirty with sand and garbage after project completion. A major obstacle to keeping streets clean in Al Zarqa is the lack of garbage dumpsters. Residents simply have no other option than to pile their trash in road-side heaps. In addition, the Municipality has limited funds with which to provide such containers, and thus one solution would be to provide containers to keep garbage off the streets.
- CHF selected interior and connecting roads for upgrading, not main roads. Nevertheless, improving these roads resulted in more frequent use by cars and trucks, particularly in the West Bank as due to closures of other roads, some of the USAID/CHF rehabilitated streets became important thoroughfares to access different areas of the cities. Responsibility to install features such as traffic signs, lighting and speed bumps most often fell to the municipalities as part of the agreement between CHF and the counterparts. However, due to difficult economic conditions within the municipalities, there was often a delay in providing these items. In the future, CHF could budget the purchase and installation of these items into each project, thereby ensuring their timely installation and promoting public safety.
- Finding land for playgrounds in crowded city neighborhoods can be a challenge. One playground planned for Al Zarqa had to be canceled because of lack of suitable land. Lack of zoning also makes it difficult (ex: the canceled playground project abutted a factory which made the area very polluted). In Hebron, initially faced a problem with land

ownership, and in Nablus, it took a long time to find an available and suitable piece of land.

- Role of women: CHF found that giving women the chance to meet together and prioritize their needs was an effective way to encourage their participation in community life. Women frequently became involved in aspects of the infrastructure projects which had previously been considered under the purview of men (such as issues concerning the particular design or engineering details of projects). However, it must be noted that women most often participated in single-sex events and settings; their participation in the visible, decision making bodies of the communities (like the neighborhood committees) was still relatively low, with some notable exceptions. In some cases, the neighborhood committees provided women with a public forum through which to assert their needs. For example, in Al Juneid, women put the creation of a women's center high on the community priority list, and its successful completion became one point of pride for the entire neighborhood. Women's participation in public life should be encouraged through culturally sensitive approaches, realizing that western ideas of successful women's empowerment and participation may not apply in all contexts.
- Job creation and use of local materials – the use of local materials is favored not only because of the higher job creation aspect, but also because of difficulties importing construction materials and supplies into Gaza and the WB due to the Israeli-imposed restrictions and closures. However, in some cases (most notably Gaza), few materials are locally produced, or are of inferior quality, and materials must be imported. The use of labor-intensive methods can be easily incorporated into infrastructure projects. In Gaza, paving in interlocking tiles rather than asphalt was an effective labor-intensive method; in Hebron using as many laborers as possible to spread asphalt for paving was promoted; and in Nablus, backfilling by hand as much as possible versus backfilling by machine was promoted.
- Safety – although safety measures were incorporated into all tender documents, CHF found that enforcing worker safety measures was difficult. The construction culture in the West Bank and Gaza is such that occupation safety is not a high priority, and workers often do not take the measures necessary to adequately protect themselves on job sites. Safety accessories such as gloves, ear protection muffs, hard hats and proper footwear are not commonly used, with the exception of welders' masks, which are always used. Public safety measures such as the use of warning tape, cleaning the project sites, properly disposing of waste and storing dangerous equipment were often employed without question. However, promoting workers' safety issues and enforcing basic measures must be more carefully considered in future programs.

5.1 Recommendations for program replication

The PHOENIX program has proven to be effective at developing community services and infrastructure through providing much needed jobs in poor communities.

- Employment programs can be sustainable when designed to build and/or repair vital community infrastructure. The program impact on the local Palestinian economy was very positive because it fulfilled all requirements for a successful job creation projects i.e. high labor input and local material usage, wage rate, accumulated wages hence accumulated positive value to national economy. Furthermore, it fulfilled the immediate community needs for infrastructure upgrades in water, sewage, roads, kindergartens and schools.
- The CHF methodology of selecting small scale infrastructure projects and utilizing smaller contracting and supply companies that employ local workers from within the target community is very successful.
- The CHF/PHOENIX approach that focuses on ensuring high community contributions (cash or in kind) increases the sense of ownership by the community, encourages other

donors' support and optimizes the outputs and impact of every dollar invested by the donor.

- Finally: the strategic approach of working with neighborhood committees, municipalities and community groups guarantees a high degree of ownership on the beneficiaries' side and a high degree of visibility for CHF as well as for USAID.

6 Financial Aspects

CHF International will submit a final financial report with this narrative final report.

7 Annexes

Annex 1: Maps and Neighborhood Profiles (Gaza, Hebron, and Nablus)

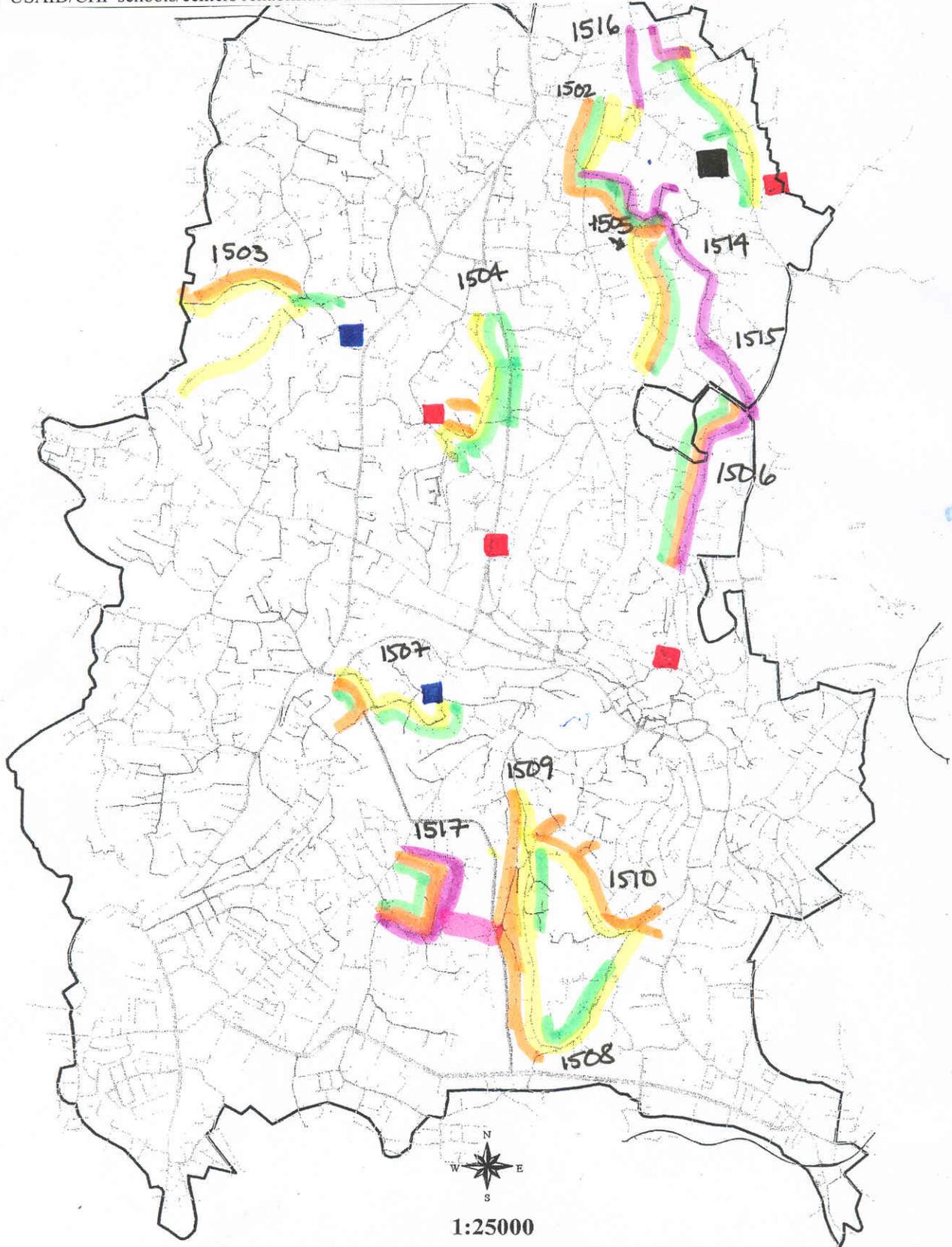
Annex 2: Project Tables

Annex 3: Economic Multiplier Effect of Phoenix

Hebron Program Areas Map

Key

Yellow	USAID/CHF paving projects implemented in Year 1
Purple	USAID/CHF paving projects proposed for implementation in Year 2
Pink	"Reserve" project
Orange	Sewage projects by Hebron Municipality
Green	Water projects by Hebron Municipality
Black box	USAID/CHF playground projects
Blue boxes	USAID/CHF school rehabilitation projects proposed for implementation in Year 2
Red Boxes	USAID/CHF schools/centers rehabilitated in Year 1



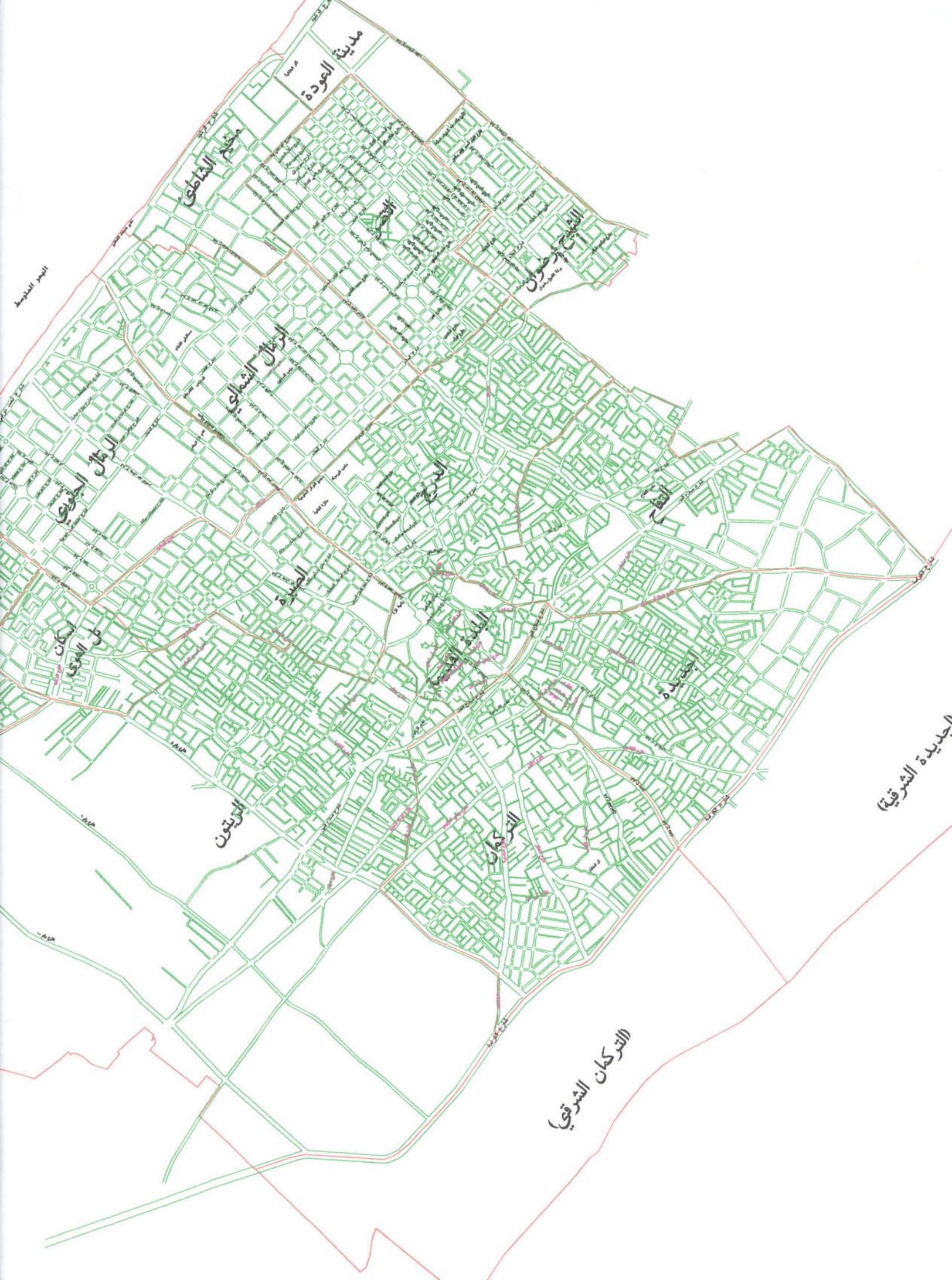
LEGEND:

Streets	
	Major
	Main
	Secondary1
	Secondary2
	Un-Paved
	By pass
	Border

Hebron City



GIS Unit



مدينة العودة

المنطقة

الحيات

الحيات الشمالية

الحيات الغربية

الحيات

الحيات

الحيات

الحيات

الحيات

الحيات

الحيات

الحيات الشرقية

الحيات الغربية

البحر المتوسط

Annex 1
Maps and Neighborhood Profiles

1. Gaza – Al Zarqa Neighborhood

Al Zarqa is a poor, densely populated area in northern Gaza City. Approximately 30,000 people live in the 2.26 km² area, or an average of 13,270 persons per square kilometer. Because of its location, Al Zarqa was not a political priority from 1994 through 2000, until the former mayor of Gaza and CHF started searching for resources to upgrade the neighborhood. As such, the neighborhood displayed the poorest indicators for criteria such as income, existing infrastructure, access to services, and employment. It lacked the most basic essentials such as roads, street lighting, and water/sewage/storm-water facilities.

Rehabilitation of the Al Zarqa area was designed for implementation in four phases. CHF PHOENIX began working in the south-eastern section of Al Zarqa in September 2002. In the first year, CHF/USAID and the municipality extensively rehabilitated all of the Phase I area. In the second year, CHF moved into the Phase II area, upgrading and rehabilitating infrastructure and community services therein. Additional resources are still needed to continue the rehabilitation of Phase II and to upgrade Phases III and IV. To date, CHF and partners have made a substantial impact in the areas where they have worked in terms of linking the neighborhood to municipal water, sewage and storm water facilities, in paving roads and streets, and making other improvements to the area such as installing street lights and sidewalks, rehabilitating youth facilities (including schools) and constructing playgrounds.

Examples of specific activities completed and their resulting benefits include:

- Covered unpaved roads with asphalt and streets with interlocking tiles, which helps redistribute the flow of traffic during rainy and dusty seasons. This has upgraded living conditions and supplied local service providers, such as solid waste collectors, private sector, and NGOs with access into these areas;
- Created access roads, which has decreased the heavy flow of traffic on the main road;
- Increased the coverage of the Gaza Municipality's infrastructure services by connecting homes to the water supply networks;
- Increased the coverage of the Gaza Municipality's infrastructure services by connecting homes to the existing sewage networks;
- Constructed a playground, created a library, rehabilitated schools, rehabilitated youth centers, and rehabilitated and equipped kindergartens, thus creating improved recreational and learning opportunities for children and women; and

Implemented other upgrading activities, such as greening, installing traffic signs, street lighting, and –by the private sector- access to the local telephone and electricity networks

2. Hebron – Al Rameh, Abu Kteila, Al Mahawer and Town Center

CHF, the Palestinian Water Authority and the Hebron Municipality jointly selected the four mini neighborhoods of Al Rameh, Abu Kteila, Al Mahawer and Town Center for upgrading and development. The four targeted neighborhoods are located in the northern and central parts of Hebron and are poor, densely populated, and lacking in basic infrastructure and municipal services. The neighborhoods are adjacent to communities that already had satisfactory infrastructure and municipal services, thus the program has extended the municipal infrastructure and services coverage in the city to include these underserved areas.

The Hebron Municipality and CHF jointly cooperated to accomplish the following activities, with the following benefits:

- Increased the coverage of the Hebron Municipality's infrastructure services by connecting homes to sewage and water supply networks. (executed by the Hebron Municipality and other partners);
- Covered unpaved roads with asphalt, which has helped redistribute the flow of traffic during rainy season and during the winter months as well as during other 'dusty' months. This has given local service providers, such as solid waste collectors, private sector, and NGOs with increased access to these areas. (executed by CHF/USAID and the Hebron Municipality and other partners);
- Created access roads, which has decreased the heavy flow of traffic on the main road. (executed by the Hebron Municipality and other partners);
- Constructed a playground and rehabilitated schools, thus enhancing recreational and learning opportunities for children. (executed by CHF/USAID and the implementing partners).

Project activities have connected homes and establishments in the area to existing sewage and water supply networks and reinstated or paved roads, thus upgrading the overall services in the areas. In addition, project activities have included the construction of playgrounds and the rehabilitation of existing youth and women's centers, thereby contributing to increased recreational and learning opportunities for children and women.

3. Nablus – Al Juneid Neighborhood

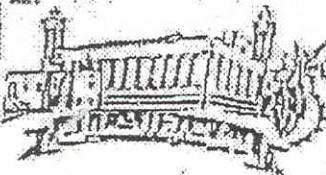
In 2001, CHF, the Palestinian Water Authority and the Nablus Municipality jointly selected the Al-Juneid neighborhood for implementation of the PHOENIX program. Al Juneid is a rapidly developing area in the western district of Nablus City. It is undergoing a rapid urbanization and growth process, with many new immigrants moving into the area from rural villages and other parts of Nablus City in order to seek work. The majority of development and population expansion in Nablus is occurring in a westward direction, right into Al Juneid area. Starting in 1994, construction activities began on multi-story buildings, many of them residential. Construction activity in the area has increased significantly since 2000 as the population began to grow rapidly. At the beginning of the program, an estimated 16,000 people lived in the area (which includes parts of Al Makhfiyyeh, Rafidia, Beit Wazan and Sara). By September 2004, this figure grew to about 23,000 which represents about a 40% population increase in just two years. The area has experienced a construction boom in order to accommodate the residential needs of the new inhabitants. Many

new multi-story apartment complexes are being built, new shops are opening, and the Al Amriyyeh subsidized government housing complex is nearly complete. The new campus of An Najah University (in Al Juneid) was also constructed concurrent with PHOENIX activities, bringing more than 5,000 students to the area daily, a significant portion of whom now live in the newly built apartment buildings in the area.

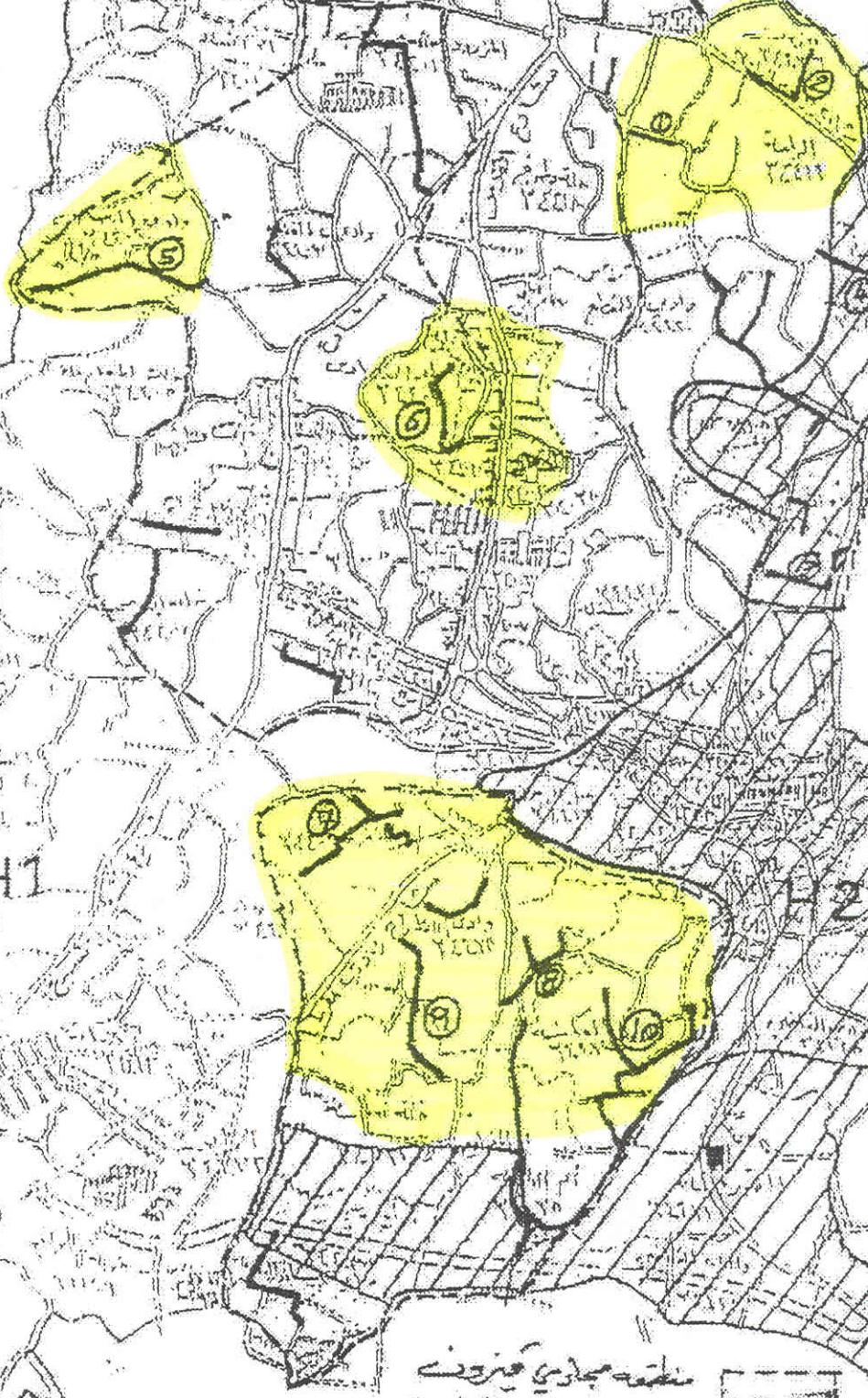
Infrastructure services in Al Juneid have not kept pace with the rapid development and population growth in the area and were inadequate to meet the existing needs of area residents when PHOENIX began. Thus, the area had already become underdeveloped, concurrent with its rapid growth, and without upgrading, the municipality and local community realized that infrastructure would be wholly inadequate to cover the population increase. Basic services such as paved roads, water and sanitation facilities were lacking, or in need of expansion and upgrading. The Nablus Municipality and area residents cited a particular need to upgrade and expand the water network in the area. The municipality sought to connect the Al Juneid reservoir to the municipal water system, upgrade old pipes, and expand the network to cover the needs of the existing residents and expected newcomers to the area. In addition, a few road improvement projects were completed in response to high community demand, and to complement road works in the area implemented by the municipality.

Examples of project activities and their benefits for the Al Juneid area include:

- Expanded and/or upgraded the water network in the area, which as increased flexibility in how to supply water to different areas (in particular to Al Juneid, Makfiyyeh, Rafidia, and Sara) by allowing full utilization of Al Juneid reservoir and linking different pumping stations in the area to the reservoir. This has decreased vulnerability with regard to potential disruptions in the water network.
- Provided adequate supply of water to meet the needs of the rapidly growing Al Juneid area.
- Increase the Municipality's control on the quantity of water it can supply to different areas through the increase in flexibility of how to provide water.
- Reduced running costs and more efficient use of resources in operating the water network.
- Upgraded connecting roads to allow access to the reservoir, residential areas, and to complement paving of main roads in the area, implemented by the municipality.
- Improved community services such as rehabilitating the local school, rehabilitating and equipping kindergartens, constructing a women's center, creating a library, and building a playground, to the benefit of the local residents.

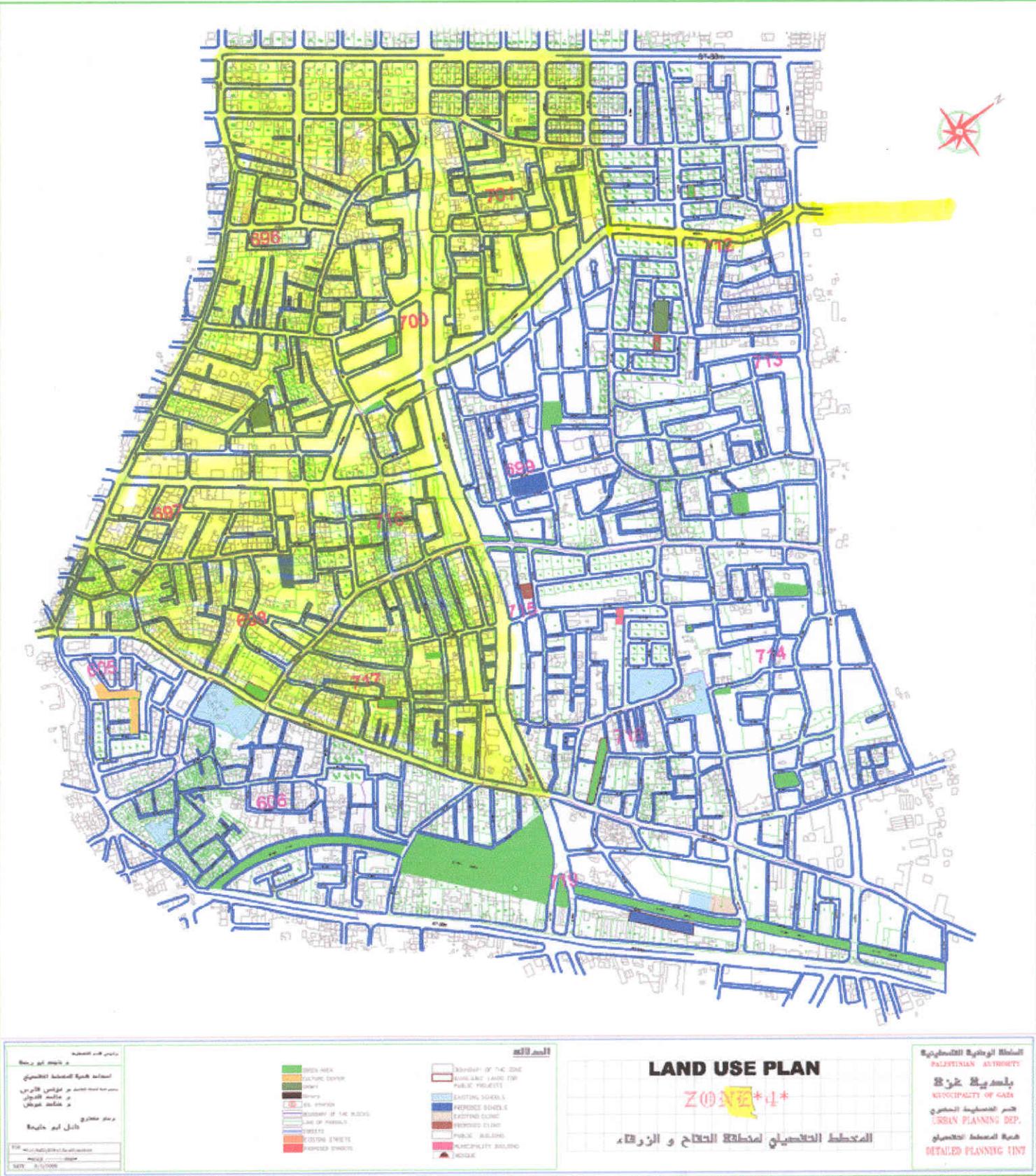


اسم البلدية
واسم : سماره النجدال
البلديات همزام الجمعية



نقطة مجاري مخروفت
نقطة جاري الجامعه
نقطة مجاري وادي
Scale 1:20,000

- Map of Hebron
- **Yellow:** Four areas to be jointly developed between CHF and Hebron Municipality and their respective partners



- Map of Al-Zarqa Neighborhood
- Yellow: Area to be jointly developed between CHF and Gaza Municipality and their respective partners

PHOENIX Project status overview for Sept'02-Sept'04

Updated September 30, 2004

			USAID/CHF	cash/kind match	land match	TOTAL	beneficiaries	employm.days	cost per beneficiary	cost per employm.day
TOTALS	25	projects completed in FY'03	\$803,830	\$1,370,638	\$549,827	\$2,724,296	63,149	39,672	\$43	\$55
		match:				239%			\$13	\$20
	67	Projects completed in FY'04	\$2,548,367	\$2,610,203	\$1,787,719	\$6,946,289	221,915	96,154	\$31	\$54
		match:				173%			\$11	\$27
	0	projects in progress in FY'03	\$0	\$0	\$0	\$0	0	0	#DIV/0!	#DIV/0!
		match:				#DIV/0!			#DIV/0!	#DIV/0!
	92	started by USAID/CHF FY'03-FY'04	\$3,352,198	\$3,980,841	\$2,337,546	\$9,670,585	285,064	135,826	\$34	\$54
		match:				188%			\$12	\$25
Planned	0	projects planned shortly for FY'04	\$0	\$0	\$0	\$0	0	0	#DIV/0!	#DIV/0!
		match:				#DIV/0!			#DIV/0!	#DIV/0!
TOTAL	92	planned + started	\$3,352,198	\$3,980,841	\$2,337,546	\$9,670,585	285,064	135,826	\$26	\$54
		match:				188%			\$12	\$25
			Total MC as this status	\$6,318,387						
			Total MC as figures correct	#####						

Note on the above: dollar amounts in the middle show the total USAID+match costs that produced one beneficiary or one employment day. The **green amounts** show the invested USAID dollars that triggered one beneficiary or one employment day.

\$0

Annex 3. Economic Multiplier Effect for PHOENIX

Economic and employment impact of CHF's job-creation programs

CHF international has analyzed the impact of its job creation programs funded under USAID-EEGP and JOBS on development, unemployment and the Palestinian economy.

The measurement tool used for the analysis is based on the multiplier model as described in the PA strategy on Job Creation¹.

CHF's Palestinian Help and Outreach for Empowering Neighborhoods and Increasing Excellence (PHOENIX) Effective award period: October 2002 - September 2004.

It is shown that the economic benefits of the PHOENIX program have a significant impact on the Palestinian economy.

The multiplier model used is based on:

- Wage rate in the initial and subsequent economic cycles
- Material rate of domestic origin in the initial and subsequent economic cycles
- Material rate of foreign origin in the initial and subsequent cycles
- Saving rate for wage earners and providers of domestic materials at the end of an economic cycle

In table1, for PHOENIX, for each \$100, the multiplier effects on wages, purchase of domestic and foreign materials and savings are shown for each economic cycle, together with the accumulated values.

¹ MOPIC Sector Working Group on Job Creation, Strategy on Job Creation, January 2003.

**Table 1: Multiplier effects on wages, purchase of domestic and foreign material and savings
CHF International PHOENIX Program October 2002 - September, 2004 (USAID)**

Initial financial outlay: US \$ 100		Cycle 1	Cycle 2	Cycle 3	Cycle 4	Cycle 5	Cycle 6	Cycle 28
		30.55%	51.76%	66.50%	76.73%	83.84%	88.78%	100.00%
1	Wages Dom.	39.30%	27.29%	18.96%	13.17%	9.14%	6.35%	0.00%
2	Accumulated	39.30%	66.59%	85.54%	98.71%	107.85%	114.20%	128.64%
3	Material Dom.	33.81%	23.48%	16.31%	11.33%	7.87%	5.46%	0.00%
4	Accumulated	33.81%	57.30%	73.61%	84.94%	92.80%	98.27%	110.69%
5=1+3	Palest. Eco.	73.11%	50.78%	35.27%	24.49%	17.01%	11.82%	0.00%
6	Accumulated	73.11%	123.89%	159.15%	183.64%	200.66%	212.47%	239.33%
7	For. Material + Wages+OH.	26.89%	18.68%	12.97%	9.01%	6.26%	4.35%	0.00%
8	Accumulated	26.89%	45.57%	58.54%	67.55%	73.81%	78.15%	88.03%
9=5+7	Total	100.00%	69.45%	48.24%	33.50%	23.27%	16.16%	0.01%
10	Accumulated	100.00%	169.45%	217.69%	251.19%	274.46%	290.62%	327.36%
11	Savings	3.66%	2.54%	1.76%	1.22%	0.85%	0.59%	0.00%
12	Accumulated	3.66%	6.19%	7.96%	9.18%	10.03%	10.62%	11.97%

During the first cycle, which is the length of the project, US \$ 39.30 is paid for wages, US \$ 33.81 for domestic materials and US \$ 26.89 for foreign materials. The total is US \$ 100. These are the direct economic consequences of the project and are normally the ones that are considered, together with the physical outcome of the project. In the following all the indirect economic benefits are analyzed and calculated.

The saving rate is 5%, so the wage earners and the providers of domestic materials save US \$ 3.66 at the end of the project. It is seen that US \$ 73.11 stays in the Palestinian economy, whereas the US \$ 26.89 for materials of foreign origin are lost forever to the Palestinian economy. All this information is presented in the column 'Cycle 1'. So at the end of the project US \$ 69.45 is available for continued consumption in the Palestinian economy, namely the US \$ 73.11 less the savings of US \$ 3.66.

Cycle 2 starts when the wage earners and the providers of domestic materials begin to use their proceeds from the project and ends when they have used it all – except their savings. This implies that economic cycles may overlap. During Cycle 2 another 39.30%, or US \$ 27.29 are spent on wages and US \$ 23.48 on domestic materials, and yet another US \$ 18.68 on foreign materials. At the end of the second economic cycle another US \$ 2.54 has been saved.

In column 'Cycle 2' it can be seen that the accumulated wages amount to US \$ 66.59; accumulated purchases of domestic materials amount to US \$ 57.30; accumulated purchases of foreign materials amount to US \$ 45.57, and accumulated savings are US \$ 6.19. At the end of the second economic cycle the project has generated US \$ 169.45, of which US \$ 123.89 has stayed in the Palestinian economy, while US \$ 45.57 has been absorbed by the foreign economy.

At the end of the 28th cycle, when the wage earners and the providers of domestic materials have used all their proceeds from the previous cycles except their savings, the accumulated multiplier effects for the PHOENIX USAID and Local Community contribution of \$11,000,017 show that the accumulated wages will be \$14,150,150 (or 128.64%) and the accumulated value to the Palestinian economy will be \$26,325,890 (or 239.33%) of the USAID and Local Community contribution.

In table 2 below, the accumulated multiplier effects are shown for the entire PHOENIX Program's expenditures.

**Table 2: Multiplier effects on wages, purchase of domestic and foreign material and savings.
CHF International PHOENIX disbursements October 2002 - September, 2004 (USAID)**

Disbursed in thousands of dollars		Cycle 1	Cycle 2	Cycle 3	Cycle 4	Cycle 5	Cycle 6	Cycle 28
		3,360.14	5,693.87	7,314.72	8,440.45	9,222.32	9,765.34	10,999.61
1	Wages Dom.	4,322.56	3,002.16	2,085.10	1,448.17	1,005.80	698.56	0.23
2	Accumulated	4,322.56	7,324.72	9,409.82	10,858.00	11,863.80	12,562.37	14,150.15
3	Material Dom.	3,719.42	2,583.26	1,794.16	1,246.10	865.46	601.09	0.20
4	Accumulated	3,719.42	6,302.68	8,096.84	9,342.94	10,208.40	10,809.49	12,175.73
5=1+3	Palest. Eco.	8,041.98	5,585.42	3,879.26	2,694.28	1,871.27	1,299.66	0.43
6	Accumulated	8,041.98	13,627.40	17,506.66	20,200.94	22,072.20	23,371.86	26,325.89
7	For. Material + Wages+OH.	2,958.04	2,054.46	1,426.89	991.02	688.30	478.05	0.16
8	Accumulated	2,958.04	5,012.50	6,439.39	7,430.41	8,118.71	8,596.75	9,683.32
9=5+7	Total	11,000.02	7,639.88	5,306.15	3,685.30	2,559.56	1,777.70	0.58
10	Accumulated	11,000.02	18,639.90	23,946.05	27,631.35	30,190.91	31,968.61	36,009.21
11	Savings	402.10	279.27	193.96	134.71	93.56	64.98	0.02
12	Accumulated	402.10	681.37	875.33	1,010.05	1,103.61	1,168.59	1,316.29

In table 3, the accumulated multiplier effects are presented with wage rates and domestic material rates selected at 10% intervals. The saving rate is 3%. In the table it is shown when a job-creation project should be accepted. This is indicated in the shaded areas in the table. **For PHOENIX, the wage rate is 39.30%. The domestic material rate is 33.81%. PHOENIX is located within the 30% to 40% wage rate interval and the 30% to 40% domestic material rate interval.**

The acceptance criteria according to the Review Mission recommendations² are the following:

Either:

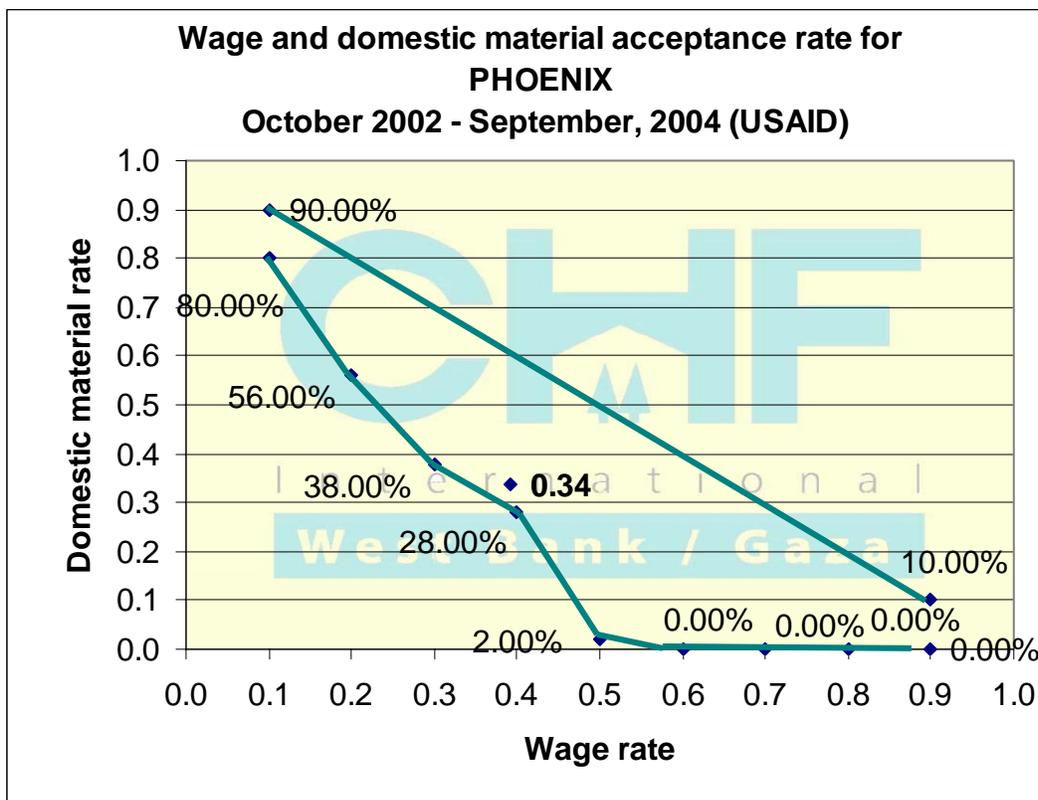
- The accumulated wages are greater than or equal to 100% of any project amount,

Or:

- The accumulated wages are less than 100% of any project amount but greater than or equal to 75% of any project amount, and the accumulated value to the Palestinian economy is greater than or equal to 200% of any project amount.

For PHOENIX the accumulated wage rate is 128.64% and the accumulated value to the Palestinian economy is 239.33%. As both criteria have been satisfied, PHOENIX has been correctly accepted as a job-creation program.

The following diagram shows that PHOENIX is located within the acceptance area between the two curves.



² MOPIC Sector Working Group on Job Creation, Strategy on Job Creation, January 2003.