

**USAID/West Bank and Gaza**  
**Operational Plan**

**FY 2006**

June 12, 2006

## **Please Note:**

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The Operational Plan is a "pre-decisional" USAID document and does not reflect results stemming from formal USAID review(s) of this document.

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**Program Performance Summary FY 2005:** Fiscal year 2005 has been an historic year of enormous changes in the conflict between Israelis and Palestinians. At the beginning of the year, Chairman Arafat was still in uncontested power, the second Intifada - which started in 2001 - continued to rage, Prime Minister Sharon's unilateral Gaza disengagement plan was in doubt, and Palestinians remained inside borders controlled by Israel. By the end of the year, conventional analysts had been proven wrong in a number of areas. Yasser Arafat had passed from the scene, replaced by a freely and fairly elected President Mahmoud Abbas, there had been three rounds of free and fair municipal elections and one presidential election; the Intifada had sputtered to a close, and Israel had withdrawn its forces and settlements from Gaza and four Northern West Bank settlements. Early in FY 2006 the Palestinians gained control of the Rafah crossing from Gaza to Egypt (with significant technical help by USAID), an historical event. The 1.3 million Palestinians living Gaza as a result of the 1967 war found the political scene changed. Nonetheless, the conflict and mutual mistrust continues, along with the tight internal closures and severe internal border crossing restrictions. The security scene is manifested by cycles of sporadic terrorist acts and Israeli military incursions, interspersed with longer periods of calm. Mitigating and resolving this conflict remains one of the U.S. Government's top foreign policy objectives, as laid out in the joint State-USAID strategic plan.

USAID has been a critical player in the U.S. response to a rapidly evolving situation and changing political agenda. The bywords for the West Bank and Gaza Mission this year have been "flexibility" and "rapid response" to immediate foreign policy opportunities. Fortuitously, early in FY 2004, the Mission began development of its new strategic plan, which identified what would be required to establish a functional Palestinian state, including the transition from an authoritarian government to a more democratic one. U.S. foreign policy objective in this region ("two states, living side by side in peace and security") was moved forward when USAID was able to respond quickly to the change in government that came with the election of President Abbas in January, 2005. Because of obstacles implementing programs during the Intifada, the Mission had a backlog of some \$132 million of prior year Wye Supplemental obligations that USAID was able to immediately reprogram to respond to emerging U.S. political priorities. Forty-one million dollars went into a "Rapid Response Program" that was implemented in the first ninety days of President Abbas's term demonstrating U.S. support to his new government. Some of the key accomplishments of this program were generating close to half a million person days of critical employment through local infrastructure activities improving family incomes; renovating /constructing over 700 educational facilities benefiting over 6,000 Palestinian children; and 6,000 loans totaling approximately \$9 million made to women entrepreneurs improving family incomes. When President Bush announced a \$20 million cash transfer in early FY 2005, USAID was able to reprogram its funds within days, and to provide the Palestinian Authority (PA) with funds to meet urgent utility bills owed to Israel, averting a fiscal collapse immediately prior to the January 2005 Presidential elections. This was repeated again in mid FY 2005 when President Bush authorized a second cash transfer for \$50 million to the PA for Gaza reconstruction requiring USAID to rapidly reprogram Wye resources to maintain support for on-going USAID activities.

Simultaneously with the implementation of the Rapid Response Plan, USAID recognized that additional resources were required if the needs of an emergent democracy were to be met. Working closely with the State Department, National Security Council, and Congress, USAID spearheaded a request for a supplemental appropriation of \$200 million that would be used to address Palestinians' critical needs. Some of the most important initiatives started were improving border crossing movement of people and goods; job creation; restoring exports to support revitalization of the economy; constructing major water and wastewater facilities; and supporting democracy and security reform. The injection of additional resources into many of our activities have allowed them to exceed their targets.

Recognizing that the Mission required additional "rapid reaction" capability to meet the needs of the first Palestinian political transition, support was recruited from the Office of Transition Initiatives. In 2005, \$9 million was reprogrammed and transferred to OTI enabling OTI to award a number of grants for immediate and critical support to the PA to enhance their communication and outreach program. To further increase Palestinians' awareness of the substantial assistance Americans provide to the Palestinian people, USAID launched an aggressive public outreach program. Concerned that only 5% of Palestinians knew of U.S. assistance being provided by USAID, we conducted a media campaign in the

Palestinian press during April and May. By the end of the campaign, research results demonstrated that 50% believed the American people contribute to Palestinian development. Sixty-one percent of those polled also said that their perception of the United States had changed directly as a result of the campaign.

But by far, the activities of which the Mission is most proud are those crucial interventions (with the American Embassy in Tel Aviv and the Consulate General in Jerusalem) that allowed key political agreements to be reached. Certainly, the transfer of greenhouses from Israeli settlers would not have happened without consistent USAID support which ranged from engaging constructively with the settlers and politicians, surveying the assets, and providing marketing and equipment assistance in making them operational. Similarly, while Secretary Rice's intervention was required to complete the agreement to open the Rafah crossing, it was built in part on the good will that USAID has established, and has been implemented by USAID's working behind the scenes to make sure that all technical equipment, multi-party coordination, and data-sharing impediments could be put in place. Implementation of this agreement should serve as a precedent for future agreements and cooperation between Palestinian and Israeli officials (including third party roles) and an opportunity to move to the next level focusing on investments and development. Special Envoy James Wolfensohn's and Security Advisor General Ward's involvement in close collaboration with USAID in advancing the peace process together cannot be overstated.

Significant accomplishments have been made despite the fact that access to Gaza for USAID, contractors, non-governmental organizations (NGO) and international organizations has remained difficult and dangerous. During the period, it has often been nearly impossible for ordinary Palestinians to cross these borders, and the area between the Israeli and Palestinian checkpoints is often dangerous. For the United States Government, movement of U.S. diplomatic vehicles, U.S. diplomats, and non-Gazan Foreign Service Nationals, Personal Services Contractors, and U.S.-funded expatriates are currently banned by the U.S. Embassy U.S. Consulate General. The donor community has had multiple meetings with the Government of Israel concerning these restrictions, but challenges to movement remain.

Looking forward, much work remains to be done. While the PA made important progress, it still needs to take more effective actions against those groups that embrace and carry out violent actions. The PA also needs to create more stability and a more reliable security service, curb corruption, and deliver better basic human services. During the five rounds of elections this past year, competition between Fatah and Hamas has been very high, with Hamas winning control of about a third of all municipalities. There will be one more round of local elections expected in March 2006, but observers' main attention will be on parliamentary elections scheduled for January 25, 2006. It is likely that 'politically extreme' organizations will remain a relevant force both at the municipal level and as a significant opposition party in the legislature. The PA is also facing its own fiscal crisis, failing to contain wages and losing budgetary control. This caused the PA not to receive a final planned tranche disbursement from the World Bank, further exacerbating the PA's current fiscal crisis just prior to upcoming Parliamentary elections. Developing a revenue generating strategy and a fiscal stabilization plan, strengthening Palestinian security, and implementing appropriate enabling legislation are high priorities that the newly elected Palestinian leaders must focus upon.

#### Key SO Performance:

SO 1 Private Sector Development - USAID's overall performance in private enterprise development exceeded its targets, partly due to increased resources being added to the microfinance portfolio. The microfinance activities extended more than 6,000 loans totaling over \$8.9 million to Palestinian women entrepreneurs; supported a local microfinance institution (FATEN) to become more financially sustainable; and contributed to disbursement of over \$6 million in home improvement loans. The Palestinian Enterprise Reform activity facilitated over \$12 million in commercial business-to-business transactions, exceeding its target. Paltrade, a USAID supported NGO promoting Palestinian Exports, also exceeded its targets by \$3 million by achieving sales of \$30 million in selected sectors. USAID also launched the Palestinian Agribusiness Partnership Activity in April 2005 and by September, had succeeded with the Quartet Special Envoy able to facilitate the transfer of over 1,000 acres of greenhouses in the formerly Israeli occupied area of Gush Katif. The successful transfer of these assets

to the PA, which could have been destroyed during Gaza disengagement, sustained 3,000 jobs and will generate tens of millions of dollars in export revenues.

SO 2 Water Resource Development - USAID continued to increase water supplies to the southern West Bank by completing the drilling and equipping of three additional major production wells in the Bani Naim and Beit Sahur areas of Bethlehem and Hebron. These new wells are producing 2.8 million cubic meters of water per year (6850m<sup>3</sup>/day) and benefit 605,000 Palestinians living in the southern area of the West Bank. USAID completed construction of 10 miles of water transmission lines to Bani Naim and Yatta, including two large booster pump stations. Construction of this pipeline was completed five months ahead of schedule and generated 50,000 person-days of local employment. Once pressure testing of the pipeline is completed in FY2006, the pipeline is expected to deliver drinking water to 80,000 Yatta region citizens, eliminating their need for water from other sources. With parallel financing from the European Union, these production wells will further service 12 more villages where 20,000 people live in southern Yatta. USAID recently awarded a contract for the construction of an emergency water pipeline to connect the eastern section of Gaza City to the Israeli National Water Carrier distribution network. When this pipeline is completed in early January 2006, it will provide up to 5 million cubic meters of drinking water per year (13,700 m<sup>3</sup>/day) to as many as 150,000 residents of Gaza who are currently without any water services at all. Local Palestinian construction and engineering firms are carrying out this pipeline's construction through which the project is expected to generate 30,000 person-days of local employment.

SO 3 Building Key Democratic Institutions - USAID worked successfully to support democracy despite working in a very volatile and demanding environment. Palestinian elections at all major levels of governance - Presidential, parliamentary, and local - dominated the political agenda throughout 2005. The fraying of centralized political power under PA Chairman Arafat accelerated after his demise. With the election of Mahmoud Abbas to the PA Presidency in January 2005, subsequent municipal democratic elections provided an opportunity for Palestinians to renew their political dialogue, chart a new strategic course vis-à-vis Israel and the international community, and broaden the political landscape to include new actors and participants. USAID assistance for elections at all levels informed and engaged citizens in the democratic process, improved the quality of electoral administration, raised the performance of democratic candidates (including women), and increased public and international confidence in the legitimacy of the political process. To support the administration of Presidential, local, and parliamentary elections, USAID provided technical and in-kind assistance through IFES (formerly the International Foundation for Electoral Systems) to the Central Elections Commission (CEC) and the Higher Commission for Local Elections (HCLE). USAID's support for the CEC's media centers during the January 2005 Presidential elections enabled the Commission to publicize results and other election-related information swiftly and professionally; this, in turn, better informed Palestinian citizenry and contributed to generally favorable domestic and international perceptions of the legitimacy of the electoral process. USAID support to five Palestinian law schools has resulted in a better instruction and legal education for their students, and both law professors and law students are advocates for legal and judicial reform. USAID provided specialized training for judges and public prosecutors in the West Bank and Gaza in topics ranging from labor law, traffic law, civil and criminal procedures, to ethics and professional responsibility.

SO 5 Higher Education and Training - USAID also met its education targets. More than 60 individuals received Information Technology (IT) training and more than 80% of all scholars who have completed graduate studies are now working in the region in their area of specialty. In addition, USAID financed 57 university scholars through the Presidential Scholars Program, 32 of whom were women. The Academy for Education Development concluded a three year short-term training program in IT, providing continuing education for 261 IT professionals to keep them up-to-date on evolving market needs. Of the 261 trainees, 158 participants from the West Bank and Gaza completed the entire certification program and job placement services were offered to unemployed participants. Job placement success rates were high, with private sector firms hiring 40 of the 58 job-seekers. USAID recently provided financing for a total of 750 scholarships for students studying in Vocational Colleges. The program covered two semesters of study in a wide range of technical fields. In exchange for scholarships, participants are required to engage in 30 hours of community service at educational institutions of their choice.

SO 7 Family Health - USAID programs have continued to provide essential support to improve and sustain performance in the health system in the West Bank and Gaza. USAID priorities focused on improving the quality of maternal and child health and nutrition services while being flexible and responsive to the critical humanitarian needs of the Palestinian people. USAID continues to be a main donor providing essential technical assistance and commodities, without which Palestinian public and non-governmental health and humanitarian assistance organizations would be unable to meet the needs of their service populations. USAID helped create a network of 274 local trainers who, in turn, helped update the technical knowledge and skills of over 1500 Palestinian health care providers. Seventy-nine health facilities, with an estimated service population of 540,000 women and children under age 5 benefited from assistance and material support to help improve the quality of maternal and child health care. USAID procured and distributed \$2.2 million of medical equipment, supplies, and pharmaceuticals to public and non-governmental health facilities which provide primary health care services. Over 128,000 Palestinian children completed counseling and rehabilitation sessions to strengthen coping skills and increase emotional resiliency in the face on on-going tension and violent conflict. Approximately 800,000 of the poorest and most vulnerable persons (outside of refugee camps) benefited from food distribution programs supported by USAID.

SO 8 Community Services - Another area in which USAID performance exceed expectations is in its Community Services Program, which supported job creation through the Job Opportunities through Basic Services Program (JOBS) and the Palestinian Infrastructure for Needed Employment program (PINE). Both projects created critical employment opportunities and met basic infrastructure needs. JOBS and PINE used local labor and materials, generating 310,644 person-days of employment, and constructed/renovated more than 1,210,000 square feet of school playgrounds, 745 toilet units, 48 water catchments, 16 kindergartens, and nearly 9,000,000 square feet of school fences, retaining walls, shades, and sidewalks. In total, project implementers estimate that JOBS and PINE benefited a minimum of 80,000 Palestinians across the West Bank and Gaza through employment, improved schools, parks, and water and sanitation infrastructure.

Gender: Gender concerns are integrated into USAID's activities discussed in the AR which promote and expand women's participation in the electoral process, access to lending facilities, recipients of scholarships and training, and major beneficiaries from improved social and economic infrastructure improving their livelihoods.

**FY 2006 Program**  
**SO: 294-001 Expanded Private Sector Economic Opportunities**

**Improve Private Sector Competitiveness**

**Increase Trade and Investment**

Increase Trade and Investment:

**Strengthen The Financial Services Sector & Increase Access to Capital**

**FY 2006 Program**  
**SO: 294-009 Program Support Objective**

**Program Support**

Program Support Objective (PSO) (\$7,789,000 ESF; \$3,177,000 ESF Prior Year Unobligated)

The PSO is expected to manage \$5 million in support of other USAID objectives. This support includes \$720,000 for Public Outreach activities, \$2,885,000 for staff salaries in essential support offices such as Financial Management, the Office of Assistance and Acquisition, and the Program Office. Five million dollars also includes nearly \$1,184,000 in meeting Mission program overhead requirements, such as ICASS and office rental, as well as security contract and vehicle replacement. USAID Public Outreach Office will continue to produce billboard, radio, and television ads, but will shift its attention in FY 2006 from increasing the Palestinian public's general awareness of USAID objectives to marketing specific program successes and the benefits that real program beneficiaries now enjoy from US foreign assistance. USAID will also increase community-based outreach efforts by engaging in activities, such as town hall meetings and community events, and expanding the Good Will Ambassador program. A former Israeli-Arab football star will continue to teach the highly successful "coaching for coaches" courses this year. This program has generated a significant amount of positive press for USAID in the West Bank and Gaza. USAID will also search for a female Good Will Ambassador in order to more effectively reach the female Palestinian population. In addition, USAID plans to improve its main website, including the Arabic website, and begin production of video materials, including video news releases for distribution to the Arab media.

In order to provide essential support for increased security costs, staffing increases, office space and other related expenses and to provide better monitoring of USAID activities, including two cash transfers made to the Palestinian Authority, the PSO will transfer up to \$2 million to USAID/West Bank and Gaza's operating expense account to cover increased expenses related to strengthening program management and oversight. This was authorized in FY 2006 legislation allowing USAID/West Bank and Gaza mission to convert \$2 million in program funding to meet necessary administrative expenses. In addition, the PSO will transfer one million dollars to the Office of Inspector General to finance USAID/West Bank Gaza audits in FY 2006. An additional data assessment will also be conducted to ensure and strengthen the operational integrity of USAID's GIS system.

**FY 2007 Program**  
**SO: 294-009 Program Support Objective**

**Program Support**

Program Support Objective (PSO) (\$5,635,000 ESF)

FY 2007 Program Support requirements are expected to be similar to those necessary during FY 2006. USAID will continue assisting with the expediting border crossing documents as well as international

customs clearance. USAID will also continue to expand existing public outreach activities in FY 2007. In order to ensure that messages are appropriate and that outreach efforts are reaching the full range of Palestinian citizens, USAID will continually evaluate this program through focus groups and public opinion surveys. USAID will then adjust its outreach program based on these results.

## **FY 2006 Program**

### **SO: 294-010 Promote Economic Stability**

#### **Improve Private Sector Competitiveness**

Improve Private Sector Competitiveness: (\$4,544,000 ESF; \$1,306,000 ESF Prior Year Unobligated). The new Palestinian Enterprise Development (PED) activity will provide technical assistance and grant support to Palestinian business associations, chambers of commerce, and trade and industry associations to improve their business services and institutional sustainability. PED will conduct: 1) a baseline survey of six industries, 2) an assessment of six private sector support institutions, 3) a diagnostic survey of the legal and regulatory environment addressing critical regulatory gaps and policy reforms required to improve business development and investments, and 4) finalize a business development services (BDS) strategy. This BDS strategy should define key service areas for growth and development, and new employment opportunities. In order to improve competitiveness within key business sectors, PED will be implemented using an industrial cluster approach integrating key business services and manufacturing firms. USAID will also support an assessment and a lessons learned study from the Palestine Information and Communication Technology Incubator activity. Principal contractor: Development Alternatives Inc. (DAI) and TBD.

#### **Increase Trade and Investment**

Increase Trade and Investment (\$6,900,000 ESF; \$6,000,000 ESF Prior Year Unobligated). The Palestinian Agribusiness Partnership Activity (PAPA) will provide TA and training to the Palestinian Economic Development Cooperation (PEDCO) staff in areas which further enhance greenhouse management. PAPA will provide training in the packing and transporting of agricultural products from Gaza and the West Bank to external markets in order to sustain and create new jobs. PAPA will also provide grant support and critical consulting services to approximately six to ten partners in the West Bank and Gaza agricultural sector. TA will be provided on product certification and labeling for regional high value niche export markets. USAID will provide resource support to Special Envoy Jim Wolfenhson team to support continue work in supporting the peace process and economic reconstruction efforts. USAID will provide resources to the Office of Technical Assistance (OTA), Department of Treasury for technical and training assistance to the Ministry of Finance to establish a financial intelligent unit and support fiscal/budgetary management training. USAID will provide resources to the Overseas Private Investment Corporation (OPIC) to establish a loan guarantee program to encourage greater flows of capital to support economy recovery and employment creation. USAID will provide resources to the U.S. Custom and Border Protection Agency (CBPA) to perform an assessment to examine the current border/custom environment, assess the flow of goods and people across selected border crossings, technology being used, and recommend measures to improve PA customs' management. Principal contractor: Carana Corporation, OPIC, CBPA.

#### **Strengthen The Financial Services Sector & Increase Access to Capital**

Strengthen The Financial Services Sector & Increase Access to Capital: (\$3,000,000 ESF; \$6,250,000 ESF Prior Year Unobligated). The Support for Economic Institutions and Reform activity will strengthen the Palestinian Authority's (PA) external audit function and provide focused assistance to the PA in fiscal policy, budget, and asset management. Technical assistance and computer equipment and software will be provided to the Financial Follow-up Unit (FFU) in the Palestinian Monetary Authority to combat anti-money laundering activities. Training assistance will be provided to the FFU staff and other Palestinian officials working with audit, budgetary and related fiscal policy issues. USAID will assess the microfinance

sector to identify new areas where USAID's support can be expanded to increase access to finance by low incomes families. Principle contractors: TBD.

#### **FY 2007 Program**

#### **SO: 294-010 Promote Economic Stability**

##### **Improve Private Sector Competitiveness**

Improve Private Sector Competitiveness (\$6,520,000 ESF). Through the PED activity, technical assistance will be provided to Palestinian business leaders and other key stakeholders working on industry cluster development in key sectors of the economy. USAID will continue to provide financial support to private sector pioneer institutions through PED such as Paltrade, Palestinian Federation of Industries and Chambers of Commerce to continue their service support to local business firms.

##### **Increase Trade and Investment**

Increase Trade and Investment (\$16,930,000 ESF). The PAPA activity will continue to provide technical and training assistance and grant support to the agribusiness sector in the West Bank and Gaza to enhance agricultural production and marketing of high value market produce to regional and global markets. Technical assistance will focus on reducing transaction costs for the transportation and marketing of high value commodities. TA will assist PEDCO and other agribusinesses improve product certification and labeling to penetrate high value niche markets that increase agricultural exports from the West Bank and Gaza to regional markets.

##### **Strengthen The Financial Services Sector & Increase Access to Capital**

Strengthen The Financial Services Sector & Increase Access to Capital (\$2,500,000 ESF). USAID will launch a new activity that will strengthen financial markets and expand micro enterprise and small business access to financial resources to increase their productivity and expand employment and income generation opportunities. Also, this new activity will address the micro financial and small business policy and regulatory environment, and strengthen local financial institutions' capacity to expand their service to new businesses and micro enterprises. Principle contractor: TBD.

#### **FY 2006 Program**

#### **SO: 294-011 Promote Democratic Reform**

##### **Strengthen Civil Society**

Strengthen Civil Society (\$5,800,000 ESF). USAID will launch a new civil society activity, which will support Palestinian domestic efforts to promote democratic reform through non-governmental oversight and advocacy at the national and local levels. USAID will initiate a major new media and communications program with two primary components: a thrust to improve the PA's capabilities to communicate reform messages and priorities to the Palestinian people; and improve the professional capabilities of Palestinian media. Principal Contractor: TBD

##### **Strengthen the Justice Sector**

Strengthen the Justice Sector (\$19,728,000 ESF; \$2,592,000 ESF Prior Year Unobligated). USAID will assist the Ministry of Justice (MOJ) implement a strategic plan for justice sector development. To improve communication capabilities, assistance will be used to network the Ministry's three separate offices using Information Technology equipment and software. USAID will build capabilities in the area of court administration. Specifically, USAID assistance will focus on reengineering the notification process by introducing modern mechanisms for delivering summons and other court documents, training court

processors, and improving professional skills. USAID will support the Ministry of Interior and the MOJ to improve the judicial enforcement environment by improving the security of courthouses and offices of the public prosecution. USAID will provide training and equipment for individuals charged with executing court decisions, and will work with administrative enforcement units to develop new systems for judicial enforcement.

USAID will support an internships program and improve the institutional capacity of the Palestinian Bar Association (PBA) by introducing a bar exam, and ensuring that the necessary legislation changes are implemented. USAID will support new sectors of the legal community towards broader involvement in rule of law development; the Continuing Legal Education (CLE) activity. USAID will continue supporting civil society alliances and initiatives to promote an independent, effective judiciary. USAID will support exchange programs between Palestinian and international law professors and support a program to improve the skills of legal professionals

USAID will continue to provide specialized high-level training for judges and public prosecutors in topics ranging from election appeals, corruption, land law, intellectual property to juvenile justice and office management. The activity will implement a judicial exchange program between Palestinian judges and those from neighboring countries to exchange experience and best practices. USAID will continue its support for security sector reform and community police. USAID plans to provide an initial \$8 million through a 632(a) transfer to the State Department to support non-lethal training, construction, and equipment to enhance PA security and reform. An additional \$10 million can be made available via 632(a) transfer to the State Department for this purpose provided that FY 2003 - FY 2006 deobligated funds are returned to USAID/West Bank and Gaza. USAID will strengthen civilian management and oversight of the security sector by improving the institutional capacity of the Ministry of Interior. USAID will support activities in municipalities which increase public confidence in the performance of the civil police. USAID will provide resources to the Office of Transitional Initiatives to support community based reconciliation activities, media and press, and support the peace process including public campaigns and security. Principal Contractor: TBD

### **Strengthen the Legislative Function/Legal Framework**

Strengthen the Legislative Function/Legal Framework (\$4,622,000 ESF; \$138,000 ESF Prior Year Unobligated). USAID will continue to strengthen the PLC and the legislative community, involving civil society and media organizations more broadly, and expanding the executive branch's capacity to formulate policy and propose legislation. USAID will launch a new multi-year program to strengthen and build the capacities of democratic political parties to function more effectively in the post-electoral environment. Principal Contractor: Development Alternatives Inc., and TBD

### **Support Democratic Local Government & Decentralization**

Support Democratic Local Government & Decentralization (\$7,000,000 ESF). USAID's local government program will assist the Ministry of Local Government (MoLG) and other PA institutions develop and implement a common agenda for local government reform. USAID will strengthen planning processes between Palestinian central and local authorities. At the local level, USAID will implement local government infrastructure and capacity-building activities in at least 50 communities in the West Bank and Gaza, improving the quality of governance and service delivery. USAID will target medium sized municipalities and joint services councils to be selected according to specific criteria approved by USAID. Principle contractor: Community Habitat Finance (CHF), and TBD.

### **FY 2007 Program**

**SO: 294-011 Promote Democratic Reform**

### **Strengthen Civil Society**

Strengthen Civil Society (\$6,000,000 ESF). USAID will continue its programs launched in FY06 to support Palestinian civil society development and the media and communications effort.

### **Strengthen the Justice Sector**

Strengthen the Justice Sector (\$6,917,000 ESF). USAID will continue its support for the Ministry of Justice by assisting in the development of operations manuals, ensuring the automation of all MOJ offices, and providing support for the implementation of new management systems. USAID will also support PBA efforts to implement the bar exam, finance the law faculty exchange program, and assist with civil society-professional coalitions for judicial reform. Principle contractor: TBD

### **Strengthen the Legislative Function/Legal Framework**

Strengthen the Legislative Function/Legal Framework (\$2,033,000 ESF). USAID will continue to support the legislative process, including institutional strengthening support to the PLC. Additionally, USAID will maintain its support for the democratic political party development program.

### **Support Democratic Local Government & Decentralization**

Support Democratic Local Government & Decentralization (\$10,550,000 ESF). USAID will support the MOLG and other ministries' efforts to amend the enabling environment for local governance and support efforts to implement its strategy to consolidate local government units. USAID will support local governance reform and improve service delivery efforts in approximately 50 municipalities. Principle contractor: TBD

### **FY 2006 Program**

#### **SO: 294-012 Improved Performance in the Health System**

#### **Address Other Health Vulnerabilities**

Address Other Health Vulnerabilities (\$1,052,000 ESF; \$1,720,000 ESF Prior Year Unobligated). USAID will strengthen the effectiveness and transparency of Palestinian governance in the health sector by providing technical assistance and support to improve local capacity to plan, finance, implement, and improve the quality of key public health and clinical services. Technical assistance needs include health policy and strategic planning, health care financing, health security, health data and census information, and/or epidemiologic management of diseases such as avian flu. USAID will provide computers, equipment, and other supplies to the Palestinian Central Bureau of Statistics to support health census and data analysis. Principle grantee: TBD.

#### **Improve Child Survival, Health & Nutrition**

Improve Child Survival, Health & Nutrition (\$2,990,000 ESF; \$2,591,000 Prior Year Unobligated). The Hanan activity will provide technical assistance, training, equipment, and materials to improve the quality of clinical services in child health and nutrition, with an emphasis on better newborn care, improved management of childhood illnesses, and birth spacing. The Hadassah activity provides advanced clinical training opportunities and continuing education workshops related to pediatric specialties for selected Palestinian health care providers. Hadassah will provide advanced pediatric care for eligible Palestinian patients from the West Bank and Gaza. The principle grantees: John Snow International (JSI) and Hadassah the Women's Zionist Organization of America.

#### **Improve Maternal Health & Nutrition**

Improve Maternal Health & Nutrition (\$2,030,000 ESF; \$1,680,000 ESF Prior Year Unobligated). The Hanan activity will provide TA, training, equipment, supplies, and commodities to improve the quality of clinic services in maternal health and nutrition, with an emphasis on timely prenatal care, safe delivery, and improved post-partum care. Hanan will support community mobilization activities to help Palestinians become more active partners for improving maternal health outcomes. The activity provides technical assistance and training to improve clinical management systems which support quality service delivery. The principal grantees: JSI and Hadassah the Women's Zionist Organization of America.

### **Protect and Increase Food Security of Vulnerable Populations**

Protect and Increase Food Security of Vulnerable Populations (\$1,234,000 ESF; \$450,000 ESF Prior Year Unobligated). USAID will continue to assist Palestinian institutions in strengthening their policies and programs regarding food fortification, micronutrient deficiencies, and other nutritional issues. This includes activities such as supplementation support and strengthening national guidelines, national awareness campaigns, nutrition data and quality control systems. USAID will continue its support for the procurement of essential foodstuffs such as fortified wheat flour and cooking oil benefiting vulnerable non-refugee and food insecure families. Principle grantees: World Health Organization, World Food Program, and the Academy for Educational Development.

### **Provide Emergency Assistance**

Provide Emergency Assistance (\$4,594,000 ESF). USAID will continue to improve Palestinian capacity to meet emergency medical needs. Activities to be supported include training in the rational use of medicines and in occupational/physical therapy, technical assistance in health commodity management, and the procurement of essential medical equipment, supplies, and pharmaceuticals. USAID will provide sub-grants to maintain and strengthen the operational capacity of local rehabilitation and primary health care organizations. Principle grantee: CARE.

### **FY 2007 Program**

#### **SO: 294-012 Improved Performance in the Health System**

### **Address Other Health Vulnerabilities**

Address Other Health Vulnerabilities (\$2,455,000 ESF). USAID will continue to strengthen Palestinian governance in the health sector by providing TA and support to improve local leadership and implementation capacity. Principle grantee: TBD.

### **Improve Child Survival, Health & Nutrition**

Improve Child Survival, Health & Nutrition (\$4,370,000 ESF). USAID support for child health and nutrition services will be needed to consolidate progress achieved under the Maram and Hanan activities. Support includes TA, procurement of equipment, supplies, and commodities, professional training, and community mobilization. Principle grantee: JSI and others TBD.

### **Improve Maternal Health & Nutrition**

Improve Maternal Health & Nutrition (\$3,085,000 ESF). USAID will provide support for maternal health and nutrition services to consolidate progress achieved under the Maram and Hanan activities. Support includes TA, procurement of equipment, supplies, and commodities, professional training, and community mobilization. Principle grantee: JSI and others TBD.

## **Protect and Increase Food Security of Vulnerable Populations**

Protect and Increase Food Security of Vulnerable Populations (\$2,050,000 ESF). USAID will continue to support the procurement of essential foodstuff to benefit vulnerable non-refugee and food insecure families. Principle grantee: TBD.

## **Provide Emergency Assistance**

Provide Emergency Assistance (\$3,040,000 ESF). USAID will address meeting urgent/emergent medical needs through activities such as the procurement of essential medical equipment, supplies, and pharmaceuticals, plus sub-grants which maintain and strengthen the operational capacity of local rehabilitation and primary health care organizations. Principle Grantee: TBD.

## **FY 2006 Program**

### **SO: 294-013 Enhanced Palestinian Human Capital**

## **Improve Quality of Workforce through Vocational/Technical Education**

Improve Quality of Workforce through Vocational/Technical Education (\$9,150,000 ESF; \$3,084,000 ESF Prior Year Unobligated). USAID will implement a new program in the area of vocational and technical education aimed at improving the relevance and quality of vocational and technical training linked to local and regional market needs targeted towards youth. USAID technical assistance and support will focus on improving the quality of teaching and learning at vocational and technical institutions providing new technology and learning approaches to improve the learning environment. Vocational instructors will be selected to receive targeted training abroad. USAID will assist the Ministry of Education expand vocational enrollment, improve the curriculum to better meet changing market needs, and develop a strategy to broaden private sector participation in improving vocational training and employment opportunities. Principal grantee: TBD.

The Palestinian Youth Empowerment Program implemented through USAID's new Ruwwad activity, aims to achieve greater social stability by providing opportunities and empowering youth to become constructively engaged in civil society, economic development, and family and community life. Technical assistance and resource support working with local NGOs, communities, and the local government to enhance the human, social and leadership capacities of at least 5,000 youth leaders aged 14-24, and create a sustainable supportive environment for youth development for at least 100,000 young people. Key activity interventions include establishing service learning in higher education programs and youth recreation programs, working with the private sector to develop internship and apprenticeship programs and identifying the development of recreational area projects and secondary school civic service programs. Principle grantee: Education Development Center (EDC).

## **Increase Capacity of Higher Education to Contribute to Development**

Increase Capacity of Higher Education to Contribute to Development (\$2,600,000 ESF). The Palestinian Faculty Development Program (PFDP) activity will provide training and resource support to build the capacity of Palestinian higher education institutions through providing opportunities for faculty development. PFDP will provide training opportunities to 25 faculty members at Palestinian universities to pursue doctoral degrees in the United States. In addition, 45 instructors will have the opportunity to upgrade their knowledge in their fields of expertise through short term training and technical assistance at selected American universities. Principal grantee: AMIDEAST.

USAID will support a Global Development Alliance with a Palestinian higher educational institution to leverage private resources to support a Sesame Workshop series to serve as a catalyst for positive change by promoting children's sense of their identity and build local capacity to sustain children's

educational media.

#### **FY 2007 Program**

#### **SO: 294-013 Enhanced Palestinian Human Capital**

##### **Improve Quality of Workforce through Vocational/Technical Education**

Improve Quality of Workforce through Vocational/Technical Education (\$14,561,000 ESF). USAID will continue providing technical assist and support for activities aimed at improving the relevancy and quality of vocational training. USAID will focus on developing a market oriented curricula, providing equipment and technology relevant to meet markets needs and offering new training opportunities for instructors. USAID will continue to support the Ruwwad activity and interventions by enabling youth to learn to make more constructive and rewarding, employment and recreational opportunities. USAID support will continue to build youth leadership skills through local community activities. Principal grantee: EDC.

##### **Increase Capacity of Higher Education to Contribute to Development**

Increase Capacity of Higher Education to Contribute to Development (\$13,089,000 ESF). USAID will continue to build capacity in the Ministry of Education, and selected university faculties, providing educational resources. USAID will also finance the implementation of a Higher Education Management Information System. Additional training opportunities for selected faculty members and professionals to study abroad will be identified and supported. Principal contractors: TBD

The Palestinian Faculty Development Program activity will continue to develop faculty skills and technical capacities at 11 Palestinian universities by offering scholarships to students wishint to attend American universities for graduate degree training and specialized short term training. USAID will support selected universities in order to improve the quality of education through a university linkages program. The program will develop a model business school at one of the Palestinian universities, and fund selected applied research proposals. Principal grantee: AMIDEAST and TBD.

#### **FY 2006 Program**

#### **SO: 294-014 Greater Access to Better Water Quality and Other Infrastructure Services**

##### **Expand & Improve Access To Economic & Social Infrastructure**

Expand & Improve Access To Economic & Social Infrastructure (\$1,100,000 ESF; \$12,333,000 ESF Prior Year Unobligated). USAID will support a Small Infrastructure Program (SIP) to rehabilitate social and economic infrastructure, providing engineering design and construction of roads, schools, health clinics, courthouses and other infrastructure throughout the West Bank and Gaza. SIP will focus on the construction of the small-scale infrastructure needed to compliment other USAID-funded activities in the health, education, democracy, economic growth, and water resource sectors. USAID will provide additional resources for the completion of the joint USAID/World Bank "link" connector road feasibility study. Principle contractor: American Near East Refugee Aid (ANERA).

USAID will continue its support for a large-scale rehabilitation of roads program by expanding this program to include Gaza as well as additional roads in the West Bank. Principle contractors: Ocean Contracting, the Tarifi Group, Saqqa and Khoudary JV, and Saqqa and Khoudary.

USAID will also provide resources towards developing a Master plan for development of Gaza, in collaboration with other donors.

##### **Improve Access To Clean Water & Sanitation**

Improve Access To Clean Water & Sanitation (\$65,867,000 ESF; \$13,658,000 ESF Prior Year

Unobligated). USAID will strengthen the operational and maintenance capabilities of water utilities in the West Bank by providing technical assistance, training, and replacement parts to bulk water utilities, municipalities, and Joint Services Councils. USAID will provide additional resources for the Mereokot water carrier in Gaza. Technical assistance will address the operation, maintenance, billing & collection, financing, and strategic planning capacity issues in those institutions responsible for the development and delivery of water and wastewater services in their service areas. Principle contractor: TBD.

USAID will also begin the design and construction of a wastewater treatment plant in Hebron, West Bank. Requiring several years of design, construction and maintenance training, this facility will treat 15,000 cubic meters/day (cm/d) of wastewater and provide more than five million cubic meters per year of water suitable to be used for agricultural development, benefiting the 400,000 residents of Hebron City. Principle contractor: TBD.

USAID will repair critical water and sanitation systems and procure materials and equipment required for immediate repair of water and wastewater systems in the West Bank and Gaza. The Principle implementing partner for the design and construction management is Camp, Dresser, and McKee. Principle contractor: TBD.

USAID's new design-build contract for a Gaza Regional Water Carrier, signed September 2005, is planned to begin the summer of 2006. Based on political and security conditions, USAID may or may not be able to proceed with the plant's construction. The project is expected to require at least 18 months of construction and should be able to deliver up to 150,000 cubic meters of water daily to Gaza residents. Implementing partners include Morganti Group and Metcalf & Eddy. USAID also anticipates funding a seawater desalination plant to provide water for distribution via the Gaza Regional Water Carrier. Should the security and political situation in Gaza improve contracts for a full design and the construction management of the desalination plant for Gaza could also be awarded in late FY 2006. This project would provide 60,000 cubic meters of drinking water per day to Gaza's residents. Principle contractor: TBD.

## **FY 2007 Program**

### **SO: 294-014 Greater Access to Better Water Quality and Other Infrastructure Services**

#### **Expand & Improve Access To Economic & Social Infrastructure**

Expand & Improve Access To Economic & Social Infrastructure (\$5,000,000 ESF). USAID will continue support for a Small Infrastructure Program to rehabilitate social and economic infrastructure. Support will include engineering design and construction of roads, schools, health clinics, courthouses and urban and agricultural infrastructure throughout the West Bank and Gaza. The Small Infrastructure Program will specifically target the construction of small-scale infrastructure needed to improve the impact of other USAID-funded activities in the health, education, democracy, economic growth, and water resource sectors. The principle implementing partner is the American Near East Refugee Aid (ANERA).

#### **Improve Access To Clean Water & Sanitation**

Improve Access To Clean Water & Sanitation (\$45,265,000 ESF). USAID will support the design of a wastewater treatment plant which will serve the Bethlehem and East Jerusalem regions and anticipates awarding a contract for construction in FY 2007. USAID will also continue its support for the construction of a wastewater treatment plant in Hebron. Technical assistance, training, as well as construction of a treated wastewater distribution system will be provided to support the reuse in agricultural irrigation. Technical assistance and infrastructure development in support of agricultural use of treated wastewater will be developed and supported jointly by USAID's programs for water resources development and agribusiness development. Implementing partners are TDB.

## Results Framework

### **294-001 Expanded Private Sector Economic Opportunities**

**Program Title: Private Sector Development**

- IR1.1: Increased Value of Housing Loans
- IR1.2: Increased Exports Directly Attributable to USAID Interventions
- IR1.3: Effective Operations of Selected Economic Regulatory Institutions

### **294-002 Greater Access To and More Effective Use of Scarce Water Resources**

**Program Title: Water Resources Development**

- IR2.1: Major Water and Sanitation facilities constructed
- IR2.2: Local Water and Sanitation Infrastructure Restored and Upgraded

### **294-003 Maintaining and Strengthening Key Institutions of a Modern, Inclusive Palestinian Democracy**

**Program Title: Democracy and Governance**

- IR3.1: Strengthen Civil Society
- IR3.2: Strengthen Democratic National Governance Institutions
- IR3.3: Improve Justice Sector/Legal Framework
- IR3.5: More Genuine and Competitive Political Processes

### **294-005 Increased Access To Higher Education and Training**

**Program Title: Higher Education and Training**

- IR5.01: Improved Willingness and Capacity of Palestinian Citizens to Contribute to Development Needs
- IR5.02: Palestinian Higher Education Institutions Identify, Adapt and Meet Changing Development Needs of Society

### **294-007 Improved and Sustained Performance in the Health Sector**

**Program Title: Family Health**

- IR7.01: Improved Quality of Maternal and Child Health and Nutrition
- IR7.02: Improved Behavior Related to Maternal and Child Health, Nutrition and Well-Being
- IR7.03: Improved Capacity to Meet Health, Nutrition and Psycho-Social Needs Arising Out of the Crisis

### **294-008 Improved Community Services**

**Program Title: Community Services Program**

- IR8.1: Improve Quality of Education
- IR8.2: Expand and Improve Access to Economic and Social Infrastructure
- IR8.3: Enhanced Provision of Humanitarian and Emergency Assistance

### **294-009 Program Support Objective**

**Program Title: Program Support Objective**

### **294-010 Promote Economic Stability**

**Program Title: Promote Economic Stability**

- IR 10.1 IR 10.1: Improved Access to Markets and Financial ServicesImproved Access to Markets and Financial Services
- IR 10.2: Improved Economic Environment
- IR 10.3: Private Sector Output and Employment Increased
- IR 10.4: Improved Movement of Goods

**294-011 Promote Democratic Reform**  
**Program Title: Building Democratic Institutions**

IR 11.1: Governance Institutions Improved  
IR 11.1.1: Strengthened CSO/LGU Role on Public Policy Making  
IR 11.1.2: More Genuine and Competitive Political Processes in Local Elections  
IR 11.2: More Effective Legislative Process  
IR 11.2.1: Strengthened CSO Role on Public Policy Making  
IR 11.3: Increased Adherence to and Respect for the Rule of Law  
IR 11.3.1: Strengthened CSO Role on Legal Public Policy Making  
IR 11.3.2: Security Reform Process Advanced  
IR 12.2.2: More Genuine and Competitive Political Processes in Parliamentary Elections

**294-012 Improved Performance in the Health System**  
**Program Title: Improved Performance in the Health System**

IR 12.1: Improved Capacity of Health System to Deliver Quality Services  
IR 12.2: Enhanced Behaviors Supporting Maternal and Child Health and Nutrition  
IR 12.3: Increased Access to Nutritional Foods

**294-013 Enhanced Palestinian Human Capital**  
**Program Title: Enhancing Palestinian Human Capital**

IR 13.1: Demonstrated Participation of Youth in Work, Family Life, & Civil Society  
IR 13.2: Increased Effectiveness of Higher Education System to Produce Employable & Socially Responsible Graduates

**294-014 Greater Access to Better Water Quality and Other Infrastructure Services**  
**Program Title: Better Water Quality/Infrastructure**

IR 1: Increase Water Supply  
IR 1.1: Water Efficiency Gains  
IR 1.2: Wastewater Treatment Increased  
IR 2: Strengthen Water Governance Institutions  
IR 3: Expand Economic and Social Infrastructure  
IR 3.1: Road Infrastructure Rehabilitated and Reconstructed  
IR 3.2: Building Expanded or Rehabilitated  
IR 3.3: Cash Transfer Infrastructure