

# Operational Plan 2011-2015

## DFID Palestinian Programme

July 2011

<b>Contents</b>	<b>Slide</b>
<b>Introduction</b>	<b>1</b>
Section 1: <b>Context</b>	<b>2</b>
Section 2: <b>Vision</b>	<b>3</b>
Section 3: <b>Results</b>	<b>4-5</b>
Section 4: <b>Delivery and Resources</b>	<b>6-8</b>
Section 5: <b>Delivering Value for Money</b>	<b>9</b>
Section 6: <b>Monitoring and Evaluation</b>	<b>10</b>
Section 7: <b>Transparency</b>	<b>11</b>

# Introduction

The UK Government is determined to help reduce the inequalities of opportunity we see around the world today. We believe that promoting global prosperity is both a moral duty and in the UK's national interest. Aid is only ever a means to an end, never an end in itself. It is wealth creation and sustainable growth that will help people to lift themselves out of poverty.

In May 2010, the International Development Secretary, Andrew Mitchell, commissioned the Bilateral Aid Review to take a comprehensive and ambitious look at the countries in which DFID works through our direct country and regional programmes. The review focussed on the best ways for the UK to tackle extreme poverty, ensuring that we make the greatest impact with every pound we spend. In parallel, through the Multilateral Aid Review, DFID assessed how effective the international organisations we fund are at tackling poverty.

On the 1st March 2011, the key outcomes of the reviews were announced, including the results that UK aid will deliver for the world's poorest people over the next four years. The Bilateral Aid Review has refocused the aid programme in fewer countries so that we can target our support where it will make the biggest difference and where the need is greatest. The Multilateral Aid Review findings enable us to put more money behind effective international organisations which are critical to delivering the UK's development priorities. In addition, the independent Humanitarian Emergency Response Review looked at how the UK can build on its strengths in responding impartially to humanitarian needs and help ensure future disaster responses can be better prepared and coordinated.

DFID is committed to being a global leader on transparency. In the current financial climate, we have a particular duty to show that we are achieving value for every pound of UK taxpayers' money that we spend on development. Results, transparency and accountability are our watchwords and guide everything we do. DFID regards transparency as fundamental to improving its accountability to UK citizens and to improving accountability to citizens in the countries in which it works. Transparency will also help us achieve more value for money in the programmes we deliver and will improve the effectiveness of aid in reducing poverty.

The UK Aid Transparency Guarantee commits DFID to making our aid fully transparent to citizens in both the UK and developing countries. As part of this commitment we are publishing Operational Plans for country programmes. The Operational Plans set out the vision, priorities and results that will be delivered in each of our country programmes.

We will concentrate our efforts on supporting achievement of the Millennium Development Goals, creating wealth in poor countries, strengthening their governance and security and tackling climate change. The prize, in doing so, is huge: a better life for millions of people, and a safer, more prosperous world.

# 1. Context

Resolving the Israeli/Palestinian conflict is a longstanding UK international policy priority. The conflict resonates strongly with public opinion in the UK and abroad, exacerbates regional instability, and is a key driver of Islamic radicalisation. The UK wishes to see a negotiated outcome which leads to a viable, contiguous and democratic Palestinian state, alongside a secure and prosperous Israel, with Jerusalem as the future capital of both, and a fair settlement for refugees. We believe that direct negotiations between the parties, with the support of the US and the international community, offer the best prospects for such an outcome.

The most recent round of peace talks were launched in March 2010, but stalled when Israel's ban on settlement building in the West Bank expired. The prospects for peace have been complicated by internal Palestinian disputes. In 2006, victory in Palestinian elections by the Hamas movement led to the suspension of most aid to the Palestinian Authority (PA) - established under the 1994 Oslo Accords as the interim administrative body governing the Occupied Palestinian Territories (OPTs) - although donors continued to support social and humanitarian spending through other channels, such as via the UN. Conflict between the Fatah party and Hamas in 2007 led to Hamas's takeover of Gaza, and the reconstitution of a Fatah-led PA in the West Bank. The international community continues to recognise the PA as the legitimate Palestinian partner. The UK hopes that the recent reconciliation agreement between Fatah and Hamas will lead to the formation of a government that rejects violence and pursues a negotiated peace. We will judge any future Palestinian government by its actions and its readiness to work for peace. Under the reconciliation agreement, Presidential and parliamentary elections are planned within a year of the formation of the interim Government.

The PA has made impressive progress with institution-building, security and economic management since 2007. In 2009 it launched the *Programme of the 13th Government*, an ambitious two year plan to reform and build PA institutions in preparation for state-readiness by September 2011. According to the World Bank, IMF and UN, the PA's governmental functions are now sufficient for a functioning state. However, significant and largely political challenges remain: the PA's ability to govern is limited geographically (Israel controls the majority of the West Bank, and there will be many challenges to reversing the political and institutional separation of Gaza and the West Bank, even with the Fatah-Hamas reconciliation agreement) and financially (it is dependent on external assistance for 37% of its recurrent budget and all of its development budget). This aid dependency makes the PA very vulnerable to fluctuations in donor support. The PA recognises it needs to continue to improve accountability to its people and entrench respect for human rights. There is increasing aid dependency/vulnerability among the Palestinian population, with 4.8 million refugees in the region who rely on the UN for basic services. Israel's blockade of Gaza has not dislodged Hamas, but the economy, institutions and civil society are all suffering in a process described by the UN as 'de-development'. Israel relaxed some access restrictions after the events of summer 2010, but the situation remains bleak and fragile, and future humanitarian crises cannot be ruled out.

There is a marked difference in economic indicators between Gaza and West Bank, with Gaza in a worse situation. Average GDP in the OPTs was \$1,554 in 2009, making it a lower Middle Income Country and the poorest in Middle East and North Africa region, other than Sudan and Yemen. Conflict and movement and access restrictions have led to economic stagnation, eased somewhat in the West Bank since 2007 by PA aid supported reforms. This is reflected in unemployment levels of 17% in the West Bank and 38% in Gaza, and poverty levels of 16% for the West Bank and 33% for Gaza. The PA has had success in reducing its budget deficit, from 26% of GDP in 2009 to 16% in 2010. This is due to fiscal restraint and improvements in tax collection - tax revenues in 2010 were nearly 50% higher than in 2009 (figures from the IMF and the Palestinian Central Bureau of Statistics). Total aid to the OPTs was estimated by the Local Aid Co-ordination Secretariat to be \$5 - 5.5 billion in 2008 (the level of aid per head is amongst the highest in the world). The UK was the 6th largest donor (by actual aid given), behind the US, European Community (by far the largest donors), Saudi Arabia, United Arab Emirates and Norway. The scale and effectiveness of our aid programme means that the UK is considered a trusted donor by the PA, international agencies (such as the United Nations), and by Non Governmental Organisations.

Given the unpredictable nature of the conflict and the uncertainty about prospects for peace, our development support is likely to need to respond to major changes in the political and operating environments over the course of the next four years. Our overall approach is to ensure that there is enough flexibility in our programme to respond quickly to changes, as far as is possible, whilst seeking to maximise the predictability of our aid.

## 2. Vision

**Overview** – DFID will support UK Government objectives for a successful Middle East Peace Process (MEPP) by helping build Palestinian institutions and promoting economic growth, so that any future state will be stable, prosperous, well-run, and an effective partner for peace with Israel.

**1. State-building:** As stated, we will judge any future government by its actions and its readiness to work for peace. We aim to continue to help the PA develop effective institutions to build confidence and momentum in Israeli-Palestinian peace negotiations, and prepare a future Palestinian state to deliver its own development priorities – specifically, Prime Minister Fayyad’s Programme of the 13th Government, and the 2011-13 National Development Plan (NDP). We aim to do this through: i) predictable financial support, governed by a new multi-year Memorandum of Understanding with the PA; ii) providing targeted expert support in key line ministries to improve budgeting and financial management; iii) boosting citizens’ rights by, for example, helping the security and justice sector to be more accountable and responsive to the public, and improve their services for female victims of violence.

**2. Wealth creation:** this promotes state- and peace-building by increasing fiscal sustainability, and reducing unemployment and poverty. Economic growth is stifled by Israeli-imposed movement and access restrictions that increase the costs and risks of doing business and, particularly in Gaza, impedes flows of imports and exports. Growth is also hampered by poor regulatory frameworks and market failures in particular sectors. To address these challenges we will deliver the following outcomes: i) reduced movement and access restrictions, through support to the Office of the Quartet Representative; ii) improved investment climate, through support to the PA in improving business regulations; iii) increased short-term growth and employment in the construction sector, through improving access to affordable housing and supporting reconstruction in Gaza; and iv) increased long-term growth and employment in key ‘tradable’ sectors (e.g. manufacturing, agriculture, tourism, Information Technology) by addressing government and market failures.

**3. Poverty and vulnerability:** despite recent overall economic growth, poverty is widespread in the OPTs and, while the occupation persists, the MDGs will continue to be off track. The situation is particularly bad in Gaza, and for those living in Area C of the West Bank (under full Israeli control) and the seam zone (between the 1967 ‘green line’ and the separation barrier), due to various restrictions imposed by the Israeli authorities. Quality of, and access to, health and education are also concerns. Our programme seeks to address these problems by: i) ensuring that our financial assistance to the PA helps it deliver responsive and targeted services to the most vulnerable groups; ii) signing a new multi-year core funding agreement with the UN Relief and Works Agency (UNRWA), which provides basic services to 4.7 million Palestinian refugees across the region; iii) providing better access to legal services and representation for vulnerable households and individuals - including women headed households - in areas most affected by demolitions, house eviction, access to livelihood and/or services; iv) providing recovery and humanitarian support in Gaza, such as food vouchers and cash-for-work to poorer households, including those headed by women and with disabled members. Our support to the PA and UNRWA aims to encourage improvements in effectiveness, efficiency and accountability, rather than just supporting recurrent costs.

**Alignment to DFID and wider UK Government priorities** - Support to the MEPP is prioritised in the Coalition Programme for Government. The plan contributes to the UK Government’s broader goals of contributing to stability and prosperity in the Middle East. The UK Conflict Prevention Pool run by DFID, the Foreign and Commonwealth Office (FCO) and the Ministry of Defence (MOD) complements our programme, providing support for security sector reform and funding to NGOs engaged in conflict resolution and human rights monitoring. We will continue to ensure our approach is guided by conflict and political sensitivities, including through close working with the FCO in London and in the region. Changing the lives of women and girls is an important part of our overall aim so, as well as the legal support outlined above, we will be helping the PA tackle violence against women by making sure that cases are effectively handled and passed on to the courts, refurbishing family protection units and helping ensure correct treatment of women prison inmates.

**What we will stop doing** - We will concentrate our resources on fewer, larger projects that are more strategically targeted. We will work intelligently with other donors, handing over the lead in certain sectors to others (for example in our private sector work, and support for negotiations).

## 3. Results

### Headline results

Pillar/ Strategic Priority	Indicator	Baseline (including year)	Expected Results (including year)
<b>State-building</b>	Extent to which complaints against the PA security services are effectively dealt with.	<b>No central complaints mechanism (2011)</b>	<b>70% of complainants at least satisfied with complaints handling (2013)</b>
	Proportion of activities completed in IMF's medium term strategy for improving revenue administration	<b>0% (2010)</b>	<b>70% (2013)</b>
<b>Wealth Creation</b>	Number of enterprises reporting improved performance from DFID support in terms of sales or productivity	<b>0 (2010)</b>	<b>1,000 (2014)</b>
<b>MDGs – Poverty, Hunger and Vulnerability</b>	Number of eviction or demolition orders suspended as a result of DFID-supported interventions	<b>74 (2010)</b>	<b>141 (2013)</b>
	Number of individuals covered by DFID-supported cash transfer programmes	<b>174,085 (2010)</b>	<b>217,754 (2014)</b>
<b>MDGs – Education</b>	Number of children supported by DFID in primary education	<b>34,666 (2010)</b> <b>17,599 boys</b> <b>17,067 girls</b>	<b>36,216 (2014)</b> <b>18,483 boys</b> <b>17,733 girls</b>
<b>MDGs - Health</b>	Number of children under 5 years old immunised for measles with DFID support	<b>27,357 (2010)</b>	<b>29,723 (2014)</b>

### 3. Results

**Evidence supporting results** - In general high quality, timely and comprehensive data are available for the OPTs. The Palestinian Central Bureau of Statistics (PCBS) is a good source, although data from PA line ministries are weaker. The evidence for the three programme pillars is as follows:

- **State-building:** DFID's State-building/Peace-building Framework, which underpins our plan, is based on evidence of the importance of addressing the causes and effects of conflict. However, the availability of good evidence underpinning results in the area of governance and security is relatively low. We will develop this as part of programme design along with partners, building on existing data and analysis.
- **Wealth creation:** There is a relatively good evidence base on the key binding constraints facing Palestinian businesses, as a result of analyses conducted by the World Bank, USAID, ILO, and surveys by Paltrade and the Palestinian Federation of Industries on Gaza. We also have evidence on the needs of companies and their potential to benefit from donor assistance from our Facility for New Markets Development (FNMD) project, which has helped over 450 companies in the West Bank and Gaza, growing exports and local sales by \$30m. There is less evidence on the most appropriate interventions to address market constraints; therefore our new projects will draw heavily from international best practice and make extensive use of pilots.
- **Poverty and vulnerability:** Data on the provision of health, education and social protection to Palestinian refugees comes from UNRWA's Medium Term Strategy (MTS), the 2009 External Review of UNRWA programmes and from PCBS - all of which provide reliable data. The MTS has clear goals and indicators, but no specific targets as they are currently being developed. UNRWA has therefore provided us with estimates of reasonable targets. PCBS provides disaggregated data for the OPTs by refugee status, but no other reliable source exists for the other host countries (Syria, Jordan and Lebanon). Baseline data on the provision of health, education and social protection to non-refugees comes from PCBS and education and health information systems, while targets have been taken from the draft 2011-13 Palestinian National Development Plan and the sector strategies annexed to it (not published yet), which have benefitted from DFID technical assistance.

**Value for Money (VFM) rationale** - Our programme has a high potential return, but is high risk. We estimate, based on IMF scenarios, that a two-state solution could result in increased growth in the OPTs worth around \$30 billion over 15 years. Studies of the cost effectiveness of conflict prevention have generally found a high return (e.g. by Malcolm Chalmers), and the previous time the Palestinians turned to violent resistance (the Second Intifada) resulted in massive economic and social dislocation. However, since every conflict is unique, and the Palestinian-Israeli conflict is particularly entrenched, there is a risk of failure that is difficult to quantify. Nevertheless, our judgement is that given the potential return, this risk is worth taking. We also run the risk of entrenching organisations like UNRWA, which were supposed to be temporary, by continued support and promoting unsustainable dependency in general. There is a growing risk, in the absence of political progress, that continued investment in Palestinian development becomes unsustainable and increasingly expensive. We will regularly review this risk with the aim of ensuring that political and development efforts are mutually reinforcing. All proposed projects focus on areas of strategic importance where DFID has a comparative advantage compared to other donors. VFM highlights for the programme pillars are as follows:

- **Wealth Creation:** we estimate that our proposed interventions will cost £1,735 per job created. With our Affordable Housing project, our grant of \$20m has catalysed over \$500m of private finance to fund mortgages that will support affordable housing projects - expected to directly generate 5,000 jobs (report by CHF).
- **Poverty and Vulnerability:** use of a State-building Grant to fund the delivery of health, education and social services through the PA's budget represents good VFM; there is no other large scale mechanism for delivering services to the non-refugee population, and our support builds the PA's ability to provide services and reduces aid dependence, by being conditional on reforms to improve public finances. We are strengthening the VFM of this support by adding a performance-based tranche to our funding of the PA from 2011. We are also the lead donor in ensuring that UNRWA delivers VFM, by linking our financial support to the achievement of performance targets.
- **State-building:** due to the quality of our assistance we are the PA's preferred partner for improving its budgeting, planning and revenue collection expertise and mechanisms. The VFM of this work will be maximised by increasing the use of local experts, rather than expensive international consultants. Our security and justice programme fills an important niche in improving the accountability of the security sector and in tackling violence against women, which carries large economic as well as psychological costs.

## 4. Delivery and Resources

DFID's Palestinian Programme has staff in Jerusalem and in London. The Jerusalem team includes Governance, Conflict and Economics advisers, and is organised in teams to deliver in three main areas - statebuilding, wealth creation, and poverty and vulnerability. Part time support is provided from London in other advisory areas. The London team primarily deals with Ministerial and Whitehall liaison. We will work through the following partners and mechanisms:

- **Other UK Government Departments:** we work closely, both in Whitehall and in country, with the FCO and other government departments who are engaged on the Middle East Peace Process. For example, close working with FCO and MOD provides entry points for political dialogue with the PA and partners on security and human rights, and contributes to delivering a strategic UK support package to the sector.
- **Aid coordination fora:** we play an important role within the established aid architecture. For example, we co-Chair the aid coordination forum in the security sector, which includes representing the EU on security sector funding issues. DFID is in a strong position to influence, promote coordination, and galvanise wider donor support in the sectors we have chosen to prioritise. We will continue to be energetic in working with Arab donors on funding for the PA and UNRWA, raising this in high level discussions on a regular basis as part of our overall Gulf Initiative to scale up development co-operation with these states.
- **Palestinian Authority:** a strong partnership with the PA is central to our programme, given our state-building objective, and because they are the main provider of public services to non-refugees in the OPTs. Our partnership is set out in a Memorandum of Understanding. This sets out mutual commitments around shared principles (poverty reduction, human rights, sound financial management and accountability). It also emphasises the importance of Palestinian adherence to a political programme that uphold principles of non-violence, seeks a negotiated two state solution and respects international law, relevant resolutions, previous agreements and obligations. Our State-building Grant will help the PA to deliver the 2011-13 National Development Plan (NDP) and our programme in general is aligned with priorities set out in the NDP.
- **United Nations:** we work closely with the UN system, using different agencies as programme implementers and co-operating on wider issues that affect the political and developmental environment. We aim to continue to provide substantial support to the UNRWA as the main provider of public services to Palestine refugees. As with the State-building Grant, our funding to UNRWA is designed to promote institutional reform and better performance. We have been innovative in our approach, linking some of our funding to performance (other donors have followed our lead). To date, results have been positive with UNRWA demonstrating better practice and performance. We aim to alleviate social deprivation, e.g. in Gaza, via support to UN agencies such as the World Food Programme, and by supporting mechanisms to improve access in general. We will support the right to legal representation for Palestinians.
- **World Bank:** we will work through World Bank multi-donor Trust Funds where possible (e.g. for private sector development) to maximise donor harmonisation and minimise administration costs.
- **Multilaterals in general:** all of our plans for plans take full account of the findings of the Multilateral Aid Review (MAR). All of our multilateral partners received positive MAR assessments, except for UN Women; our choice of UN Women as the implementing partner for the security and justice programme is based on a track record of effective delivery in the OPTs and we will work closely with them to ensure a strong grip on results and cost-effectiveness.
- **Private sector:** where appropriate we will work directly with the Palestinian private sector to promote innovation that addresses market failures. For instance, we will provide a grant to share risks with financial institutions in providing long-term mortgages.
- **Other actors:** we will use consultancy experts to provide technical assistance, ensuring that their knowledge is transferred as far as possible. For instance, our programme to strengthen the PA's public financial management will make considerable use of Palestinian experts and focus on capacity-building. We want to work more closely with Civil Society and Non Governmental Organisations as part of our citizen empowerment programme and work on accountable government. In this highly political environment we also work with a wide range of other partners, for example the Office of the UN Special Co-ordinator for the Middle East Peace Process, and the Office of the Quartet Representative.

# 4. Delivery and Resources

## Programme Spend

Pillar/Strategic priority	2010/11		2011/12		2012/13		2013/14		2014/15		TOTAL	
	Resource	Capital	Resource	Capital	Resource	Capital	Resource	Capital	Resource	Capital	Resource	Capital
Wealth Creation	9,261,535		6,573,276		16,170,402		12,825,402		9,695,402		45,264,482	0
Climate Change											0	0
Governance and Security	16,951,827		17,692,836		18,407,549		19,120,549		19,620,549		74,841,483	
Education	24,330,000		27,178,011		27,416,373		28,216,373		29,316,373		112,127,130	0
Reproductive, Maternal and Newborn Health											0	0
Malaria											0	0
HIV/Aids											0	0
Other Health	8,970,000		10,234,058		10,099,144		10,349,144		10,589,144		41,271,490	0
Water and Sanitation											0	0
Poverty, Hunger and Vulnerability	14,279,088		18,068,269		18,940,037		18,986,207		19,146,207		75,140,720	0
Humanitarian											0	0
Other MDG's											0	0
Global Partnerships											0	0
<b>TOTAL</b>	<b>73,792,450</b>		<b>79,746,450</b>	<b>0</b>	<b>91,033,505</b>	<b>0</b>	<b>89,497,675</b>	<b>0</b>	<b>88,367,675</b>	<b>0</b>	<b>348,645,305</b>	<b>0</b>

## Operating Costs

	2010/11		2011/12		2012/13		2013/14		2014/15	
		£		£		£		£		£
Administrative Costs - Non Pay		395991		264959		276356		287784		294686
<b>Total</b>		<b>395991</b>		<b>264959</b>		<b>276356</b>		<b>287784</b>		<b>294686</b>



## 4. Delivery and Resources

### Efficiency savings

	2011/12			2012/13			2013/14			2014/15		
Administrative Cost Savings Initiative			Non Pay £'000			Non Pay £'000			Non Pay £'000			Non Pay £'000
Reduction in Consultancy Payments			10.56			10.56			10.56			10.56
Reduction in Travel			41.113			41.113			40.613			40.113
Reduction in Training			8.66			8.36			6.86			3.36
Reduction in Estates & Property Costs			20.612			17237			14.837			13.912
Reduction in costs as a result of Office Restructuring			0									
Other Reductions			15.2			14			13.4			13.1
<b>Total</b>			<b>96.145</b>			<b>17311</b>			<b>86.27</b>			<b>81.045</b>

# 5. Delivering Value for Money

Put simply, 'delivering value for money' is about maximising the benefits of our programme in reducing poverty and promoting prospects for peace, while minimising the financial costs to the British taxpayer. We are determined that by the end of the 2011-15 period we will be a model DFID programme in demonstrating and delivering value for money in a fragile state context. The key challenges to achieving this are:

- **Measuring and quantifying benefits:** working in a fragile and conflict-affected state provides particular challenges for this: risks are high and so have to be compared with benefits; it is important to take into account the wider impact of projects on state- and peace-building, which will be complex and uncertain; and the fact that each conflict is unique means that it is harder to rely on evidence of what has worked elsewhere, or to find other countries to benchmark against.
- **Staff capacity:** although maximising benefits and minimising costs is something that we are already focusing on, the new DFID strategy of promoting this through the quantification of benefits and costs will require increasing not only the knowledge and skills of staff, but also the amount of time spent considering value for money at every stage of planning and implementing our projects.

We are in the process of developing a VFM strategy which will be completed by the end of August 2011. As well as looking at how to improve our financial management systems some of the key actions that it will include are:

Key Action	Benefits	Target date
Every member of staff has at least one success criteria on VFM in their Performance Management Framework and where appropriate a learning and development goal is agreed for it.	Ensures that everyone is clear about their role in promoting VFM, that they will be held accountable for it, and that they have the knowledge and skills to deliver it.	April 2011
Early in the design of each project there is an opportunity for the whole office to brainstorm alternative ways to achieve its objectives.	Provides space for creative thinking to ensure that project designs are the best they can be, and harnesses the diverse range of knowledge and experience in the office.	For all new projects that will be approved from April 2011
Every project has at least one unit cost identified during design to measure the cost of buying inputs ('Economy') and one unit cost for producing outputs ('Efficiency'), and these are used throughout the life of the project to promote VFM.	Measuring unit costs allows us to compare the costs and efficiency of a project with other similar projects elsewhere to ensure the project design and procurement is optimal, to monitor them over time, and to promote efficiency savings.	For all new projects from April 2011, and all existing projects from Sept 2011
Every project has a full assessment of its VFM at the design stage subject to the available evidence. This is then updated by the middle of its implementation by which time any data gaps can be filled.	Rate of return or cost effectiveness analysis is the best way to judge a project's VFM, but can be difficult to do accurately before the project starts. Updating midway through projects allows time for changes to be made to the project design.	For all new projects from April 2011.
VFM to be considered at every stage of tendering processes and an increased emphasis placed on better procurement and contracting.	Costs will be lowered and/or service standards increased	For all new projects from April 2011
A team learning and development plan focused on developing VFM skills	Developing the necessary skills will improve team/individual ability and confidence to design and monitor programmes to maximise results.	Delivered by end December 2011

## 6. Monitoring and Evaluation

### Monitoring

**How** – each programme will have an M&E framework with robust quantifiable indicators and targets which are sex-disaggregated where appropriate and are monitored annually. Due to the high risk context of the work there will also be quarterly monitoring of both country level and specific programme level risks. In addition, all programmes scoring a 3 or below in their annual review will have a detailed Performance Improvement Plan.

**Who** – primary responsibility for monitoring will fall to programme partners, for example to UNRWA. Wherever possible we will undertake joint monitoring with government and other donors to ensure harmonisation and reduce work loads. The Senior Statistician will quality assure all new logframes and will spot-check annual reviews to ensure accuracy and consistency across the Department.

**When** – Programme level monitoring will be continuous with formal reporting through annual reviews. The risk to achieving each programme will be updated quarterly. The country results framework will be reviewed annually and the operational plan reviewed/refreshed annually.

**What** – We will use a range of methodologies depending on the particular programme. These will include quantitative surveys and qualitative information. The detailed Results Framework has been compiled from individual logframes and provides an overarching framework for the programme. The information will be used to both measure the impact of programmes and also to determine the future direction of work.

**Evaluation** - evaluation is a key component of each programme. Evaluation plans are included in all new programmes and are quality assured by the MENAD Senior Statistician. These ensure that information is available to establish the baseline and then to evaluate the programme at a later stage.

All programmes over £40 million will be evaluated independently. There will be a new Evaluation Post in MENAD which will provide 30% of their time for OPTs. They will be responsible for devising and implementing a MENAD Evaluation Strategy which will include details on how this plan will be evaluated, information on raising in house evaluation skills and advice on criteria for future evaluations. They will work with each country programme to ensure these evaluations are methodologically robust and that the results are accurate. Impact evaluations will be conducted jointly with other donors of our State-building Grant to the PA, our core funding of UNRWA, and the World Bank Trust Fund for private sector development. At least 75% of our planned expenditure will be independently evaluated jointly with our implementing partners. Support to manage monitoring and evaluation will be led by a Senior Statistician, providing 20% of their time, along with support from the broader programme team and specifically from the MENAD Evaluation Adviser.

**Building capacity of partners** - the availability of statistics is relatively good in OPTs with the World Bank Statistics Capacity Building Indicator score of just 71/100 compared with an average score of 58/100 for the Middle East and North Africa. The Palestinian Central Bureau of Statistics (PCBS) has a comprehensive programme of surveys and censuses which use internationally recognised methodologies. In recognition of this they have recently received ISO9000 accreditation for their work which is an internationally recognised quality standard. They are also working to achieve the IMF's Special Data Dissemination Standard in the next couple of years. DFID is supporting a regional statistical capacity building programme through the Islamic Development Bank (£2m over four years) which is providing support to PCBS for their agricultural census that is currently underway and will produce results in mid-2011. PCBS is also developing a series of Memorandums of Understanding with key line ministries which outline their respective roles and responsibilities, and ensure that administrative data is produced using common definitions and methodologies. Our governance work with the PA will incorporate a significant element of M&E capacity building. M&E units will be established in a number of line ministries in providing advice to UNRWA ministries and the PA will publish bi-monthly monitoring reports related to the NDP. We will work with the Ministry of Interior and other donors to improve results measurement and reporting in the security sector. DFID has been central to providing advice to UNRWA on the development of an independent M&E system as part of their overall reform plan. We have linked our performance funding to this being taken forward successfully. We are also working with the US and EU to agree with UNRWA a joint M&E framework which will be used by all donors.

## 7. Transparency

**Transparency is one of the top priorities for the UK Government. We will meet our commitments under the UK Aid Transparency Guarantee: we will publish detailed information about DFID projects, including programme documents and all spend above £500. Information will be accessible, comparable, accurate, timely and in a common standard with other donors. We will also provide opportunities for those directly affected by our projects to provide feedback.**

From April 2011 all project performance reviews and evaluations will also be published online. We will ensure that wherever possible all information provided to the public is comprehensive, accessible, accurate and timely, by putting in place systems for quality assurance and the use of non technical terminology.

The PA has significantly improved the transparency of public finances (including the money we provide to them through our State-building Grant) through a number of measures with DFID support: monthly financial statements are being published on the Ministry of Finance's website; the Government Accounts for 2008 have been prepared and audited by the Auditor General for the first time since 2003; the 2011 budget and subsequent budgets will show how spending is allocated between key programmes within Ministries and provide detailed information on PA expenditure on development and other areas where there is considerable discretion. This enables the public to clearly see how their money is being spent. With DFID support, the PA has also established a database to provide accurate information on aid received from the international community. All UK aid is registered in this database, and we encourage other donors to do the same. We will help the PA build on their own accountability to citizens through our future programme of assistance on public financial management, as well as our security and justice support (which includes support for a complaints mechanism and an inspectorate general). At a strategic level, our relationship with the PA will be governed through our MoU which includes specific commitments on transparency, as well as predictable support and mutual accountability.

We have also been influential in promoting the transparency of UNRWA. All UNRWA reports are published on their website. Donors also receive detailed reports on reform as part of the advisory commission. We will continue to influence UNRWA to provide more transparent and detailed financial reporting. For both the PA and UNRWA we will increase transparency over their unit costs in delivery public services to promote improvements in value for money.

Other actions we will take include:

- We will provide information to the Local Aid Co-ordination Secretariat for use on their website. We will encourage partners to be more transparent with information and will look to see how this might be stipulated in any agreements signed with them.
- We will work with the PA and its Ministries to identify opportunities whereby our support could be publicised by them in Arabic and we will, depending on resourcing, look at ways that we might publish information in Arabic. Some of our implementing partners already do this.
- We will seek, in programme design and perhaps via informal consultation sessions, to increase opportunities for feedback by those benefitting from DFID programmes.
- We will seek to expand our interaction, in liaison with the British Consulate in Jerusalem, our interaction with international and local journalists, and will consider producing a six monthly information sheet on our main actions and results. We will aim to input more into the Consulates information provision e.g. via their website