

Co-operation between the Government of Belgium and the Palestinian Authority

INDICATIVE CO-OPERATION PROGRAM (ICP) 2012-2015

1. INTRODUCTION

1.1 The present document has been elaborated within the framework of the 2011 Joint Commission between Belgium and the Palestinian Authority (PA), which took place in Ramallah on November 23rd 2011.

The purpose of this document is to describe the bilateral Indicative Co-operation Program for the period 2012-2015, as well as the main principles of its implementation. The guiding principle is to contribute as effectively as possible to the implementation of both the poverty reduction driven National Development Plan and the long-term development vision adopted by the Palestinian Authority.

The ICP has been established taking into account:

- The Belgian law on International Co-operation of May 25th, 1999
- The Palestinian National Development Plan 2011-2013 (NDP, April 2011)
- The General Agreement on Development Co-operation between the Kingdom of Belgium and the Palestinian Liberation Organization for the benefit of the Palestinian Authority, signed on November 12th, 2001
- The guidelines of the Paris Declaration on Aid Effectiveness, Harmonization and Alignment (March, 2005)
- The EU Consensus for Development (2005)
- The EU Code of Conduct on Complementarity and Division of Labor in Development Policy (2007)
- The Accra Agenda for Action on Aid Effectiveness (September, 2008)
- The Climate Change Adaptation Strategy and Programme of Action for the Palestinian Authority (2010)
- The Palestinian Gender Cross-Sectoral National Strategy 2011-2013 (2011)

In line with the Paris Declaration on Aid Effectiveness, the Palestinian Authority has assumed full ownership of its development, which is guided by the National Development Plan (NDP). Monitoring of the NDP implementation takes place through the Ministry of Finance (MOF) and the Ministry of Planning and Administrative Development (MOPAD).

Harmonization and coordination efforts of donor assistance are quite efficiently organized in the Palestinian Territories. The currently existing aid coordination structure in the oPT was set up following the decision made at the meeting of the Ad Hoc Liaison Committee (AHLC) on 14 December 2005 in London. It improves the effectiveness of aid coordination structures in providing coherent technical assistance and financial support based on national priorities to the Palestinian people in line with the Paris Declaration on Aid Effectiveness.

At the local level, the coordination structure currently comprises (1) a Local Development Forum (LDF) which is open to PA representatives and donor and aid agencies, (2) Strategy Groups which deal with the main clusters of economic policy, governance, infrastructure development and social development and humanitarian issues, and (3) Sector Working Groups (SWG) (for example for Education, Municipal Development and Local Governance, Environment).

This ICP also aims at constituting a reference for the other actors of the Belgian co-operation with the Palestinian Authority, such as non-governmental co-operation, local NGOs and co-operation between universities. Better complementarity and greater coherence should be ensured both ways.

1.2 Mutual Commitments

a. Both governments commit to promote good governance, human rights, gender equality, environmental and climate awareness, democracy and the rule of law. A serious violation of these principles could lead to the suspension of the present program.

Both parties mutually agree to ensure transparency and accountability in order to avoid incidences of corruption. They agree on the fact that no proposition, payment, gift or benefit of any nature, which could be considered as an illegal, fraudulent or corrupt act, will be promised, committed, sought or accepted, directly or indirectly, as an incentive or as compensation linked to activities implemented within the framework of the direct bilateral co-operation between both parties, including any procedure connected to the tender, award or implementation of contracts.

Irregularities or suspicions of an illegal, fraudulent or corrupt act linked to the use of funds programmed in this ICP will be reported to the appropriate structures agreed upon between both governments, which could lead to an audit. Both governments will inform each other, mutually and without delay, in respect of the discovery of an illegal, fraudulent or corrupt act which will lead to the immediate cancellation of the agreement concerned. A meeting of the Partner Committee, which will have to take place within 60 days from the discovery of the illegal, fraudulent or corrupt act, will decide upon the corrective measures to be undertaken, such as the full reimbursement of the misappropriated funds and the legal actions to be taken. It will also decide upon the continuation of the program concerned and of the other interventions under the ICP, as well as upon possible preventive measures to be taken.

Every illegal, fraudulent or corrupt act could furthermore mean the final ruling out of any new funding coming from the Belgian Federal Public Service Foreign Affairs, Foreign Trade and Development Co-operation.

b. Both parties recognize that dialogue beyond technical discussions is required to make further progress in the debate on aid effectiveness. The Palestinian Authority and the Government of Belgium agree to duly take into account all existing international and national commitments concerning specifically the priority cross-cutting issues (gender equality, environment and good governance), in the conception, implementation, monitoring and evaluation of the programs to be financed through this ICP.

Both parties agree on the steps forward that the Palestinian Authority has made in the fields of national leadership and ownership of the development process. The Palestinian Authority has made efforts to reduce its dependence on external aid, to improve its business environment and to attract the level of Foreign Direct Investment required to ensure sustainable economic development.

1.3 Co-operation between the Government of Belgium and the Palestinian Authority

The bilateral development co-operation between the Government of Belgium and the Palestinian Authority started in 1997. The General Agreement on Development Co-operation between the Kingdom of Belgium and the Palestinian Liberation Organization for the benefit of the Palestinian Authority was signed on November 12th, 2001.

Co-operation between Belgium and the Palestinian Authority is taking place through different channels:

- direct bilateral co-operation (government to government), including delegated co-operation;
- indirect bilateral co-operation through non governmental actors;
- multilateral co-operation through international organizations such as the specialized United Nations agencies and the World Bank

The total Belgian Official Development Assistance (ODA) disbursed in favor of the Palestinian Authority and the United Nations Relief and Works Agency (for Palestinian Refugees in the Near East - UNRWA) (core contributions to multilateral organizations and to the European Development Fund not included) was of 24.5 million Euros in 2008, 17.6 million Euros in 2009 and 20.5 million Euros in 2010. Of this total, an average 42% is disbursed as direct bilateral co-operation.

2 PALESTINIAN PRIORITIES

In 2011, the Palestinian Authority started the implementation of the NDP which sets the country's development objectives, priorities and policies through four programs concerning Governance, Social, Economy and Infrastructure. Taken together, these programs provide a roadmap for the Palestinian Authority to achieve the Millennium Development Goals by 2015.

State Building, institution building, social justice and equality are the guiding principles of the NDP. The need to rebuild and reinvigorate the private sector, the education system and the national infrastructure are recurrent themes throughout the national policy agenda:

- a stronger and growing private sector will provide the job creation required to lower the high unemployment rate;
- a well-developed and modernized education sector is necessary to provide the required capacities;
- a developed national infrastructure is required for a rapid socio-economic development.

In order to ensure economic viability, the Palestinian Authority aims at reducing its aid-dependency and at creating an institutional environment conducive to private sector investment and growth. The Government has also implemented a strategy to strengthen public accountancy based on four main elements, namely Transparency, Performance, Partnership and Oversight.

3 BELGIAN PRIORITIES

The Belgian law on International Co-operation sets out priority sectors and transversal themes. It directs the bilateral co-operation towards the sectors of Basic Healthcare, Education and Training, Agriculture and Food Security, Basic Infrastructure and Governance. Transversal themes are: Gender Equality, Environment, Social Economy and Children's Rights. Following recommendations of the 2010 DAC Peer review of Belgium "gender equality and women empowerment" and "environment

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and climate change” are emphasized as priority themes. Moreover, the “good governance” theme has to be taken into account in each step of the ICP elaboration.

In line with the EU Code of Conduct on Complementarity and Division of Labor in Development Policy, Belgium will restrict its activities within the framework of this ICP to the sectors of Education and Local Government paying due attention to the cross-cutting issues of gender equality, environment and good governance. Belgium is available for taking the donor lead in its priority sectors.

Lack of institutional and human capacity has remained an issue though, and more than in the past, capacity building will be considered an unequivocal, strategic and transversal component of all projects and sector programs to be financed as part of this ICP.

Belgium signed up to the Paris Declaration on Aid Effectiveness in 2005, the Palestinian Authority in 2009.

Belgium is committed to modernizing its development co-operation to be able to implement the Paris Declaration and the Accra Agenda for Action. Its 2007 Harmonization and Alignment Plan responds to the 2005 DAC recommendation that Belgium should develop an aid effectiveness action plan. Belgium has started to put into practice recent policy and strategic decisions, mainly by implementing a “new generation” of four-year indicative co-operation programs, adapted to the Paris and Accra commitments. Belgium has the objective to sustain the support to the priority sectors for 12 year-cycles.

Belgium’s intention to stay active in the same sectors for three successive indicative programs (12 years) is much appreciated. This will facilitate long-term planning for the Palestinian Authority and harmonization with other donors.

4 THE ONGOING DIRECT BILATERAL CO-OPERATION PROGRAMME

4.1 Legal Framework

Belgian Development Co-operation is governed by the law on International Co-operation of May 25th, 1999. Co-operation between the Government of Belgium and the Palestinian Authority is directed by the General Agreement on Development Co-operation of November 12th, 2001. Except for the delegated co-operation, each intervention is formalized by a Specific Agreement between both governments. For Belgium the responsibility to implement these Specific Agreements has been assigned to the Belgian Technical Co-operation (BTC). Relations between the Government of Belgium and the BTC are governed by a Belgian management contract. For every separate intervention, an implementation agreement is concluded between the Belgian government and BTC.

The Palestinian Ministry of Planning and Administrative Development will be co-signing all Specific Direct Bilateral Agreements.

4.2 Bilateral co-operation between the Government of Belgium and the Palestinian Authority

Currently, Belgium provides technical and financial support for the achievement of the Palestinian Reform and Development Plan goals in the fields of Health, Education and Local Government, with growing emphasis on the Education and Local Government sectors. As a result of consultations with

the Palestinian Authority, Belgium will further concentrate its activities within the framework of this ICP to the sectors of Education and Local Government.

A list of the ongoing interventions financed by Belgium under the current and previous ICP, along with their progress, is in Annex 3.

5 INDICATIVE CO-OPERATION PROGRAMME 2012-2015

Within the general framework of the fight against poverty and with reference to the NDP, the bilateral co-operation program 2012-2015 will pursue to contribute to the Palestinian strategic objectives of state building, increased economic growth, enhancing development and increased gains through good governance.

Hereafter follow the details of planned co-operation in different fields, themes and activities.

5.1 Education Sector (financial envelop 33 M€)

The Belgian support to the education sector will be based on a portfolio approach made up of three components: (a) school construction, rehabilitation and equipment, (b) participation in the Joint Financing Agreement (JFA), (c) an integrated program devoted to capacity building, institution building, including scholarships.

The aim of this approach is to realize complementary and mutually reinforcing interventions, which will feed technical and policy dialogue.

1) Sector Diagnosis

Education is a key strategic sector for the Palestinian Authority. Significant achievements in this sector have been made since the establishment of the Ministry of Education and Higher Education (MoEHE) after the Oslo Agreements.

The education-related policy actions have shown a positive evolution in the last years. Net enrolment rates in first grade and in basic education at large are high and the ratio of female to male pupils in basic education is good.

The Palestinian Authority has notable achievements towards realizing the "Education For All" (EFA) goals regarding basic education. However, pre-school and secondary enrolment, non-formal education, teachers' training, curriculum development, new technologies and methods, planning, school management, monitoring, evaluation and some other quality aspects need further attention, efforts and resources.

The importance of improving the education system is illustrated by the Palestinian plans to considerably increase the budget of the education system in the following years.

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II) Objectives and Results

The NDP refers to the main objectives and outcomes of the education sector.

The **General Objective** is to guarantee citizen's equitable access to a comprehensive education system. The system consists of pre-school, basic and secondary education, formal and non-formal education, technical and vocational education, and higher education.

The Palestinian strategic service delivery system is set out in the "Education Development Strategic Plan 2008-2012 (EDSP)" and continued in the NDP:

- To increase access of school age children and students of all education levels and improve the ability of the education system to retain them ("*Access*")
- To improve the quality of teaching and learning ("*Quality*")
- To develop the capacity for planning and management and to improve the financial and management systems used ("*Management*")
- To achieve the gradual conversion of the Higher Education and Technical Vocational Education Training (TVET) from supply-oriented to demand-oriented, which, accordingly, guarantees more compatibility between outputs and labor market needs ("*Relevance*").

In the framework of this ICP, Belgium will contribute to the improvement of the following **specific objectives** :

1. Physical infrastructure for Education
2. Teaching learning material & educational technology
3. Curricula improvement
4. School health, student activities and counseling
5. Implementation of a teacher education strategy
6. Educational planning
7. Education management and administration

III) The Indicative Co-operation Programme (ICP)

Taking the above into consideration, the ICP will have its support through the following components:

Component I: Construction and rehabilitation of schools, and their equipment.

Financial envelop: 16 M€.

As a continuation of the positive Palestinian Belgian co-operation in school construction in the past two bilateral agreements (phases I-II-III), and observing the excellent results, more schools will be built and equipped, with careful consideration to fill in possible gaps at geographical level (school building in Gaza and area C will be considered in function of the security and political situation). Special attention will be paid to interactions between schools and communities, to gender, and to energy efficiency and other environment-related aspects. Maintenance of buildings will also be considered. This component contributes to specific objective 1. In the course of the present ICP, the partner committee will study a possible integration into the Joint Financing Agreement for the next ICP.

Component II: Support to the Joint Financing Agreement (JFA). Financial envelop: 12 M€.

The Ministry of Education and Higher Education searches to better align the funding of the donors with the national plan in the education sector. Therefore they set up, in 2010 the pooled fund of the

Joint Financing Agreement which is based on the Education Development Strategic Plan and fully compliant with the NDP and the Palestinian budget. Policy dialogue, strategic planning and good financial management are at the centre of the system. So far four donors have been contributing to this initiative. Belgium joins the JFA Agreement with special attention for the quality aspects of education as given in the specific objectives two to seven.

Component III: "Enhancing Capacities" for institution building program. Financial envelop: 5 M€

In compliance with the state building objectives of the NDP, this component, dedicated to capacity building, will pursue as main objectives: poverty reduction, economic development, institution building. The focus will mainly be put on the two priority sectors or complementary activities, and on the transversal themes. At least 50% of the beneficiaries will be women. Both classical school education and the capacity building for the labor market (including Technical and Vocational Education and Training), will be included. Therefore the Ministry of Education and Higher Education and the Ministry of Labor will both participate in the set-up and the follow-up of the intervention.

This component will be implemented through a project of institutional capacity building, in which scholarships will be embedded. The old system of delivering scholarships on an individual and ad hoc basis has indeed to evolve into a fully integrated program. In addition to the classic scholarships-system of local and international scholarships, the project set-up will have special attention for integrated and dynamic capacity building leading to institution building which can include financing of local and international training programs.

The intervention will develop a system in order to guarantee that trained people will effectively put to use their improved skills and capacities in their jobs.

5.2 Local Government Sector (financial envelop: 20M€)

The Belgian support to the Local Government sector will be based on a portfolio approach made up of two components: (a) contribution to the Local Government Reform and Development Program (LGRDP) including support to the Municipal Development Program (MDP). (b) Economic regeneration of small rural and urban centers. The complementarity of both components is important, as well as the fact that the economic regeneration has to fit into the broader development plans of Local Government Units and municipalities.

I) Sector Diagnosis

Organization and support for local communities and local institutions has been a constant priority in an effort to put these institutions that existed before the Palestinian Authority into a common political framework, in order to create a national identity and to promote nation-building.

Local governments are seen as potential driving forces for economic development. Emphasis has been put on financial management, rehabilitation of infrastructure at the municipal level and provision of services. The process is guided by the Ministry of Local Government (MoLG) and its de-concentrated administrations in the regions. The existence of such a Ministry highlights the fact that local development is a political and economic priority. The Municipal Development Lending

Fund (MDLF) became over the last years an effective mechanism for implementing the local development policy.

The current strategic objective in the local Government sector is set out in the National Development Plan 2011-2013: to empower local government and bring public services closer to citizens.

The Palestinian Local Government strategic objectives are:

- To consolidate good governance principles and practices in the sector
- To enable sector bodies to possess effective and efficient (administrative, technical and financial) capacities as well as promote coordination and integration between them
- To promote partnership between Local governance units and the public and private sectors in order to initiate local development.

II) Objectives and results

The NDP refers to the main objectives and outcomes of the Local Government sector.

The **General Objective** is to develop a local government sector that is capable of providing services and contributing to sustainable development, through good governance and an effective participation by civil society.

The **specific objectives** of this ICP will contribute to the priority policy of the NDP in the sector, but with a special emphasis on the smaller local government units (LGUs):

1. Completing the ongoing rationalization and consolidation of LGUs, finalize mergers of certain LGUs and provide support to build their administrative and financial management capacity.
2. Accelerating the process of fiscal decentralization and assisting LGUs on the way to self-sufficiency.
3. Promoting community participation in local government, including the introduction of public oversight mechanisms and the establishment of a model approach to partnership with the civil society, non governmental organizations, and the private sector.

III) The Indicative co-operation Programme

Taking the above into account Belgium will support the development of the Local Government Sector through the implementation of a program with the following components:

Component I: Contribution to the Local Government Reform and Development Program (LGRDP) including the support to the Municipal Development Program (MDP). Financial envelop: 12 M€

The Palestinian Belgian co-operation projects in this field ("Local Infrastructure and Capacity building Project" and "LGRDP I") had positive outcomes. Through the extension of this support ("LGRDP II") Belgium will contribute to the first and second specific objective. This extension will increase the geographic coverage, continue its special attention for amalgamation, and improve the integrated capacity development approach for all actors in this field: MOLG, MDLF, village councils, Local Government Units, and municipalities. For the municipalities the intervention will be aligned as much as possible with the Municipal Development Program (MDP).

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Component II. Economic regeneration of local entities. Financial envelop: 8 M€

This component aims at revitalizing historical centers of municipalities through stimulating local economic, social and cultural development. The dimension of Palestinian identity and tradition is important, as well as the cross-cutting themes of women participation, environment and good governance. To be consistent with the LGRDP approach, the target group will be amalgamating or recently amalgamated municipalities, and the regeneration program should also be integrated in their development plans. The regeneration program fits into the third specific objective.

5.3. Delegated Co-operation

Delegated co-operation will be implemented in close consultation with the concerned Palestinians ministries.

5.3.1. With EU – PEGASE system (9 M€).

The PEGASE system mainly delivers direct financial support to the running costs of the Palestinian Authority, which is done on a fully agreed, earmarked and controlled basis. The contribution to PEGASE will be directed to the quarterly payment of social allowances to the most vulnerable Palestinian families (VPPF) in West Bank and Gaza. More than 50% of the contributions are destined to Gaza.

5.3.2. With the World Bank: contribution to the North Gaza Emergency Sewage Treatment (2 M€).

In 2005 Belgium already contributed, together with other donors, 4 M€ to this project of industrial sewage treatment in the North of the Gaza-strip. The program is very useful, visible and environmentally important. This new contribution is important to further advance the works.

5.3.3. With UNDP/PAPP: Environment/Climate change (1,5 M€)

Taking into account that rain fall is decreasing in Palestine and temperatures are raising, mainstreaming climate problems becomes increasingly important. This intervention aims at mainstreaming this issue through capacity building, pilot projects and local contribution to the GEF, amongst others. It will work closely together with the Palestinian Environment Quality Agency.

5.3.4. With UN Habitat: Urban Planning Support Programme for Palestinian Communities in East Jerusalem (1,5 M€)

This intervention aims at protecting and supporting the living conditions of Palestinian communities in East Jerusalem through sustaining their urban planning and construction rights and opportunities in order to improve the living conditions and ease the displacement pressures, and at the same time securing growth opportunities for Palestinian communities in East Jerusalem.

Because of the impossibility for the PA to operate in East Jerusalem, UN-HABITAT is the most adequate international institution to take charge of this intervention, in view of their agreement with the offices of the President of the PLO.

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5.4 Study, consultancy and expertise fund

Belgium will continue to support the Study, Consultancy and Expertise Fund for:

- actions mainly in the priority sectors and cross cutting issues identified in this ICP;
- actions in support of coordination and harmonization of donor support.

An amount of **2 M€** is allocated to the replenishment of the Study, Consultancy and Expertise Fund.

An additional amount of **1.6 M€** for the Expertise Fund and Study and Consultancy Fund, that was planned in the previous ICP but which remained unallocated, will be re-planned in this new ICT.

5.5. Micro Investment Programme (MIP)

The MIP program delivers small specific grants of not more the 12.400 EUR each to local interventions. Poverty reduction, gender equality and women empowerment, and environment are the principal selection criteria.

The MIP program will be endowed with **1 M€**.

5.6 Integration of Cross Cutting Issues (Gender equality/women's empowerment, Environment/Climate Change, Good Governance) throughout the ICP and its implementation, and in line with the priorities and strategies of the Palestinian Authority and the Belgian law of 1999.

All the programs to be financed through this ICP (above 5.1 – 5.5) will fully respect the priorities and strategies of the Palestinian Authority and the Belgian law of 1999, and will aim at mainstream the cross cutting issues of gender equality/women's empowerment, sustainable management of the environment, and good governance. Due attention will be paid to these cross cutting issues during the policy dialogue and during the process of identification and formulation of each program/project. The final formulation documents will therefore reflect expected results, specific activities, budgets, gender sensitive indicators and indicators for sustainable management of the environment and good governance.

Each project or program will organize once yearly a special session of the Steering Committee inviting civil society representatives for jointly monitoring the advance of the project with regards to the cross cutting themes.

a) As far as gender equality and women's empowerment are concerned there is often a "gap" between stated gender policy and its implementation in the sectors. This can be attributed to the limited capacity in terms of gender mainstreaming, limited resources and lack of sex disaggregated data.

Taking this into consideration, the ICP, in its sectors of concentration, will aim at contributing to bridging the gap by:

- Ensuring that the cross sector issues are mainstreamed at different stages of the project cycle;
- Supporting capacity building of technical staff on gender analysis, planning and budgeting
- Contribution to the development of gender responsive budgeting

b) Sustainable management of the environment and climate change will be a point of particular attention in all the development activities under this ICP. Specific emphasis will be put on biodiversity and protection of vulnerable and protected areas, whenever relevant. Involvement in environmentally damaging activities will be avoided.

The Belgian "KLIMOS environmental toolkit" and the Climate Change Adaptation Strategy and Programme of Action for the Palestinian Authority will be used to help incorporate environmental and climate change resilience in the interventions. On a policy level, Belgium will sustain the Palestinian efforts to strengthen the environmental mainstreaming and climate change strategies for future Palestinian development plans.

Institutional strengthening with regard to environmental mainstreaming will specifically be targeted at decentralized level.

c) Good Governance will receive particular attention during the implementation of the ICP.

5.7 Financing of the Indicative Co-operation Programme

5.7.1. Taking into account the priorities of National Development Plan the following distribution of the financial envelope across sectors and themes has been established.

Sector	ICP 2012-2015 (M€)
1. Education	33
2. Local Government	20
3. Delegated Co-operation	14
4. Study and Expertise Fund	2 + 1.6 (ICP 2008)
5. MIP's	1
Grand Total	71,60

Indicative distribution per year and sector, in terms of Belgian budgetary commitments (M€)

	Education	Local Government	Delegated Co-operation	Study and expertise Fund	MIP's	Total
2012	17	8	14	1.6*	0.25	40.85
2013	16	12			0.25	28.25
2014				2	0.25	2.25
2015					0.25	0.25
TOTAL	33	20	14	3.6	1	71.6

(*) re-planned from 2008 agreement

In conformity with the Belgian legislation in this matter, all firm budgetary commitments relating to interventions identified within the framework of this Indicative Co-operation Programme will be subject to *ex-ante* approval by the competent Belgian authorities.

The partner committee will examine the possibility of creating a system to add an **incentive tranche** above the agreed contributions, based on good governance indicators. The analysis will be made using the upcoming experience of the Ministry of Planning and other donors in this field. The final

proposal will be discussed by a special partner committee. Financing will be harmonized with other donors and aligned with PA strategies.

5.7.2. The mid-term review of the ICP will be scheduled in the period between November 2013 and April 2014.

6 IMPLEMENTING MODALITIES

All Belgian governmental development assistance is provided within the framework of the Palestinian Authority's development objectives, priorities and policies, as set out in the Palestinian National Development Plan.

6.1 The Project Cycle and modalities of implementation

The project cycle foresees the identification, formulation, implementation, monitoring and evaluation phases.

The results to be obtained, activities to be carried out, means and budget required, as well as the implementation modalities for every intervention will be described in detail in a "Technical and Financial File". The use of national systems by the Palestinian implementing institution for financial management and procurement will be considered specifically for JFA and MDLF/MDP. In this respect, every partner institution will be subject to a preliminary assessment as outlined below.

The projects and programs will also consider the Palestinian context and the possible synergies in the field of state and society building. This will cover measurable results to be attained in the fields of gender equality and empowerment of women, environmental and climate issues, and good governance. Specific attention will be paid to the budget formulation, in order to attain these results. Indicators will be sex-disaggregated as much as possible.

As long as the Palestinian systems and procedures are to be considered as not yet fully effective, international systems and procedures will be used (for instance World Bank or KfW procedures). However once the national systems and procedures will be considered as effective they will be used as much as possible. To fully integrate these into the project concept, BTC will be required to organize together with the Palestinian counterparts, an organizational assessment including a risk analysis. If positively concluded (1) the financing and procurement will be subject to an annual external audit organized by BTC, (2) the PA will guarantee the availability of staff for the project, (3) necessity could be raised to integrate temporarily an international expert, and (4) the opportunity of inviting the Ministry of Finance to the Steering Committee meetings should be considered.

6.2 Dialogue and Follow-up of the ICP

6.2.1. Partner Committee

The principal role of the Partner Committee is the monitoring of the implementation of the ICP. Topics of a more general nature, such as the use of country systems and the fight against corruption will also be discussed.

Technical meetings of the Partner Committee will be called when the need arises. A special meeting of the Partner Committee will take place on a yearly basis, at the occasion of a visit to the Palestinian Authority of representatives of both the Directorate General Development Co-operation of the Belgian Federal Public Service Foreign Affairs, Foreign Trade and Development Co-operation and the BTC headquarters. This special meeting of the Partner Committee will have the mandate to propose redirection of interventions and financial means as well as the modification of implementation modalities, for approval by both Governments.

6.2.2. Project/Program Steering Committees

A Palestinian Belgian Steering Committee will be set up to ensure the achievement of the specific objective of every project/program. Some of these Steering Committees may be converted, when considered opportune by the special meeting of the Partner Committee, and for reasons of harmonization and alignment, into two Joint Steering Committees with a sector approach. The membership and the mandate of the steering committee will be specified in the Technical and Financial File of each project or program. The Palestinian Ministry of Planning and Administrative Development will be a full member of all Steering Committees.

7 HARMONISATION AND ALIGNMENT

Belgium will be deeply involved in the harmonization and coordination efforts of donor assistance through active participation in the Sector Working Groups of the priority sectors. Belgium is available for taking up the responsibility of a donor co-chair of a Sector Working Group within the priority sectors of this ICP.

8 PARTICIPATION OF BELGIUM IN POLICY DIALOGUE

Belgium will also remain deeply committed to the policy dialogue. The purpose of this dialogue is not only to exchange information, but also to foster mutual understanding and to facilitate the establishment of commonly agreed priorities.

Ramallah, November 23rd, 2011

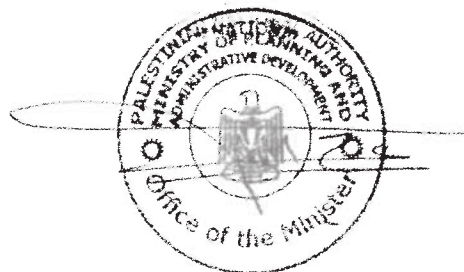
The Government of Belgium,
represented by the Public Federal
Service Foreign Affairs, Foreign Trade
and Development Co-operation



Mr. Olivier Chastel, Minister of
Development Co-operation, in charge of
European Affairs

Ramallah, November 23rd, 2011

The Palestinian Authority, represented
by the Ministry of Planning and
Administrative Development



Mr Ali Jarbawi, Minister of Planning
and Administrative Development