The present report contains an account of the activities of the UNDP Programme of Assistance to the Palestinian People (PAPP) during 1997 and includes chapters on the overall situation in the occupied Palestinian territory, the PAPP programme strategy and delivery, the financial situation of PAPP, operational highlights and the role of UNDP in coordination. A recommendation for Executive Board action is contained in chapter VI.
I. OVERALL SITUATION

1. The year 1997 was characterized largely by a prolonged stalemate in the Middle East peace process. An agreement between Israel and the Palestine Liberation Organization on the further redeployment of Israeli defence forces from the West Bank has still not been reached and final status negotiations, which were to have begun in mid-1996, have not yet started. At the time of writing, in early 1998, indications are that the stalemate in the peace process, with its consequent atmosphere of uncertainty and instability, may continue.

2. The economic situation in the occupied Palestinian territory in 1997, while mildly improved over the previous year of intense economic hardship, was nevertheless disappointing, and some disturbing economic trends emerged. While the average unemployment rate decreased slightly in 1997 to 30.1 per cent from 32.6 per cent in 1996, real average monthly wages fell by 5.8 per cent and real monthly household expenditures fell by 8.8 per cent in 1997 compared to 1996.

3. In terms of the labour situation in the occupied Palestinian territory, the Office of the United Nations Special Coordinator in the Occupied Territories (UNSCO) estimates that the average number of workers from the occupied Palestinian territory employed in Israel increased from 23,000 workers per working day in 1996 to 35,000 in 1997, an increase due primarily to the fact that the number of days of closure (days on which workers are denied entry to Israel for security reasons) declined from 82 days in 1996 (29 per cent of all working days) to 57 days in 1997 (20 per cent of all working days).

II. PROGRAMME STRATEGY AND DELIVERY

4. The UNDP Programme of Assistance to the Palestinian People (PAPP) programming strategy is based upon two objectives: (a) to utilize UNDP/PAPP limited core resources in a catalytic manner, so as to launch high-priority capacity-building programmes that are subsequently sustained and expanded largely through voluntary bilateral donor contributions; and (b) to ensure the sustainability of the capacity-building programmes through the utilization of joint implementation structures, whereby the long-term viability and local accountability of Palestinian Authority counterparts and other local implementation partners is combined with the technical, supervisory and managerial expertise of UNDP/PAPP, allowing for a flexible approach through which counterpart capacity-building and high delivery levels can be achieved simultaneously.

5. UNDP/PAPP programming activities are also based upon the development strategies and priorities outlined by the institutions of the Palestinian Authority. Many of these priorities have been elaborated only recently and are now reflected in the Palestinian Development Plan (1998-2000). In recognition of the important function that the Plan would have in directing both domestic and international development efforts to commonly recognized priorities, UNDP/PAPP contributed to the formulation of the Palestinian Development Plan, both at the technical level, by helping line ministries and institutions to formulate sectoral strategies and priorities, and at the finalization stage, by
helping the Ministry of Planning and International Cooperation to harmonize and unify sectoral strategies and priorities.

6. UNDP/PAPP has recently updated and published its programme framework, which reflects the programming strategy outlined above and the newly elaborated development priorities of the Palestinian Authority. All of the projects and programmes detailed in the UNDP programme framework (1998-2000) have been included by the Palestinian Authority in the Palestinian Development Plan, either as stand-alone projects or as components of larger programmes, thus reflecting the priority nature of UNDP/PAPP activities in the occupied Palestinian territory and the interest of the Palestinian Authority to continue to utilize UNDP/PAPP implementation capacities in the years ahead.

III. FINANCIAL SITUATION

7. The UNDP/PAPP financial situation, as reflected in the level of its bilateral donor contributions, remained strong in 1997, continuing a pattern established since the launching of the peace process in late 1993. Bilateral donor contributions in 1997 totalled $35 million, compared to $36 million in 1996. Donors to UNDP/PAPP in 1997 included the Governments of Japan ($22 million); Norway ($5.1 million); the United States of America ($3 million); Switzerland ($1.7 million); Sweden ($1.4 million); Italy ($1 million); and the Netherlands ($960,000). In line with its diversifying and expanding portfolio of activities and capacity-building programmes, UNDP/PAPP also negotiated agreements with two new bilateral donors, the Governments of Argentina and Spain, contributions from which were received in early 1998.

8. Total project expenditures in 1997 amounted to $33 million (comprising $31 million of UNDP/PAPP direct expenditures and $2 million of expenditures through agency-executed projects, including projects executed through the United Nations Capital Development Fund (UNCDF), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Volunteers (UNV) programme, the World Trade Organization (WTO), and the United Nations Conference on Trade and Development (UNCTAD). While expenditures were down from the peak level of delivery reached in 1996, this reflected the general downward trend faced by all implementing agencies and the Palestinian Authority last year. In this regard, it should be emphasized that implementation constraints such as periods of prolonged comprehensive closure of the West Bank and Gaza Strip (such as the closure imposed in August and September 1997) as well as the uncertainty and instability caused by the stalemate in the peace process cause considerable concern and disruption for all organizations operating in the occupied Palestinian territory, including UNDP/PAPP. Despite the difficulties of the overall environment, UNDP/PAPP remains one of the largest implementing agencies operating in the occupied Palestinian territory, along with the United Nations Relief and Works Agency (UNRWA), the Palestinian Economic Council for Development and Reconstruction, and the World Bank.

9. In terms of its sources of funding, UNDP/PAPP was allocated $4.0 million of target for resource assignment from the core (TRAC) line 1.1.3 resources in mid-1997. By early 1998, those core resources were fully programmed and an additional allocation of TRAC 1.1.3 resources during 1998 will be necessary to...
continue the fundamental UNDP/PAPP programming strategy. Other sources of funding in 1997 included contributions from the United Nations Population Fund, UNCDF, the Arab Gulf Programme for the United Nations Development Organizations, the Global Environment Facility (GEF), the regional programme of the UNDP Regional Bureau for the Arab States, the Japan Women-in-Development Fund, and the UNDP Poverty Strategies Initiative.

10. As in previous years, UNDP/PAPP continued to be largely self-financed in 1997, with 70 per cent of the administrative costs of maintaining the UNDP/PAPP offices and staff in the occupied Palestinian territory having been met through the income earned by UNDP/PAPP in the implementation of donor-funded projects. UNDP/PAPP human resource capacity, which consists largely of highly skilled Palestinian technical, engineering and programming professionals, was enhanced significantly through support provided by a number of bilateral donors, namely, the Governments of Denmark, France, Japan, the Netherlands, Sweden and Switzerland, through the Junior Professional Officer Programme.

IV. OPERATIONAL HIGHLIGHTS

11. UNDP/PAPP continued its efforts in 1997 to advocate sustainable human development by supporting the establishment of the Palestinian Human Development Institute, affiliated with Bir Zeit University. The Institute shares the UNDP/PAPP aim of advocating sustainable human development approaches throughout all levels of the society - the public sector, academic circles, the non-governmental sector and civil society.

12. In a related policy initiative, UNDP/PAPP launched a project in 1997 to help to establish the Palestinian Poverty Commission. Based on preparatory work undertaken in 1997, UNDP/PAPP and the Ministry of Planning and International Cooperation will be publishing the first Palestinian poverty profile, which will determine the official poverty line, based upon the range of factors that characterize the multifaceted conditions of poverty in the occupied Palestinian territory. The poverty profile will serve to increase the Palestinian Authority’s commitment to poverty eradication and to identifying how best to address it.

13. UNDP/PAPP continued its support to several gender-in-development initiatives to promote the formulation and implementation of gender-sensitive policies by Palestinian policy makers, planning bodies and civil society organizations. Activities undertaken by UNDP/PAPP during 1997 included: continued support for the establishment of a Gender Statistics Unit in the Palestinian Central Bureau of Statistics; gender sensitization within the Palestinian education system and in terms of its curricula; the establishment of a Rural Women’s Development Centre to serve teenage women who have dropped out of school; support to the Women’s Departments of Palestinian Authority ministries; and the establishment of an Interministerial Committee for the Advancement of Women.

continued support in the water and sanitation sector as well as in the area of social infrastructure, combining infrastructure rehabilitation and construction activities with institutional development support and capacity-building initiatives for counterpart Palestinian institutions; and the continuation of employment-generation activities, focusing primarily on urgently needed municipal facilities.

15. Throughout 1997 UNDP/PAPP supported Palestinian efforts to build local capacities in environment management and conservation. UNDP/PAPP provided essential support for the initiation of the GEF programme in the occupied Palestinian territory, marking the first time that the Palestinian Authority has been eligible to participate in regional GEF projects with neighbouring countries. In conjunction with GEF, environment programmes were developed throughout 1997 in biodiversity conservation, energy conservation, and the preservation of wetlands. UNDP/PAPP also formulated a support programme involving community participation for the Palestinian Environment Authority, implementation of which will begin in early 1998.

16. The UNDP/PAPP Employment Generation Programme in 1997 focused primarily on municipal development, including the rehabilitation and renovation of social infrastructure facilities such as youth and women's centres, community centres, playgrounds, and health clinics throughout the Gaza Strip; the renovation of main roads in Gaza City; the development of Palestine Square; and the development and upgrading of municipal facilities in Khan Younis. Several employment-generating activities were also undertaken jointly with UNRWA, including the construction and rehabilitation of parks and community centres in UNRWA refugee camps. The technical and managerial capacities of many municipalities and local institutions involved in the rehabilitation works were significantly enhanced.

17. In the area of community development, in 1997, UNDP/PAPP launched a project in the Gaza Strip that aims to support young women and men suffering from social and economic hardship. Project implementation is facilitated through a newly established Community Development Unit, a Palestinian organization that selects appropriate community-based institutions for project implementation and provides technical support and funding for their activities. To date, 11 local organizations have benefited from the project, which involves a wide range of community activities, including vocational and adult education training courses, community health and environment awareness campaigns, and cultural and educational workshops on gender and self-reliance. The project is intended to serve as a starting point for the establishment of an integrated community development programme throughout the occupied Palestinian territory.

18. Another important new activity launched by UNDP/PAPP in 1997 was the joint construction with the Palestinian Economic Council for Reconstruction and Development of a Museum of Traditional Arts in Gaza, using only locally available construction materials (adobe, locally made pottery and porcelain, etc.) as a practical demonstration of a low-cost method of building construction. The pilot project is intended to demonstrate that such construction methods are not only viable, but also can make residential housing more affordable. The construction methods used are highly labour-intensive,
with over 70 per cent of construction costs accounted for by skilled and unskilled labour.

19. Under its Agricultural Development Programme, UNDP/PAPP extended its relationship with the Ministry of Agriculture and increased the involvement of non-governmental organizations. Activities undertaken by UNDP/PAPP focused on policy development and planning, research, technical assistance and training for farmers, and land development through labour-based methods. These programmes were implemented in cooperation with FAO and the International Service for National Agricultural Research. In parallel, comprehensive programmes were developed in the fields of brucellosis control, in coordination with the World Health Organization, and in rangeland rehabilitation, in conjunction with the International Center for Agricultural Research in Dry Areas. These two programmes will be launched in early 1998.

20. The second phase of the Local Rural Development Programme (LRDP), a partnership programme with the Palestinian Authority, UNCDF and the donor community, was launched in 1997. Originally conceived as a demonstration programme in decentralized planning and financing for rural development, LRDP is now integrated within the Ministry of Local Government and has expanded its geographical coverage in the West Bank. Plans are under way to expand the programme further to new areas in the West Bank and Gaza. Like other PAPP activities, LRDP has been identified by the Palestinian Authority as one of its priority development programmes in the Palestinian Development Plan.

21. In the area of tourism, UNDP/PAPP provided support to the Ministry of Tourism and Antiquities, focusing on institutional and human resources capacity-building and marketing, as well as providing start-up and advisory support to the Bethlehem 2000 Steering Committee, where a range of activities related to the forthcoming Bethlehem 2000 event were undertaken. In 1997, projects were initiated to rehabilitate areas of the old city of Bethlehem, including the main streets and market areas that will be visited by tourists, and to upgrade the main road leading to the city centre.

22. In the area of economic development, UNDP/PAPP complemented its large-scale programmes in agriculture and tourism (two pillars of the Palestinian economy) through the continuation, in association with UNCTAD, of support to the Ministry of Industry for a feasibility study for the Nablus Industrial Estate. In addition, UNDP/PAPP launched a programme in 1997 to support the Sewing Factory Association in Gaza, in order to bolster the garment industry.

23. Achievements were also made in 1997 in the UNDP/PAPP Governance and Public Administration Support Programme. Through this Programme, formulated with support from the UNDP Management Development and Governance Division, a combination of training, technical assistance and start-up support was provided to four Palestinian Authority institutions: the General Control Institution, which conducts financial audits of all ministries and has an essential role in promoting accountability and transparency within the Palestinian Administration; the Cabinet Secretariat Office, which provides secretariat support to the weekly meetings of the Cabinet of Palestinian Authority Ministers; the General Personnel Council, which administers personnel policies; and the National Centre for Public Administration, which implements training programmes for civil
servants in management and administration. Together these institutions play an important role in fostering good governance practices throughout the Palestinian Authority.

24. The UNDP/PAPP Transfer of Knowledge through Expatriate Nationals (TOKTEN) Palestinian Programme, through which skilled expatriate Palestinian professionals undertake technical advisory missions for Palestinian Authority ministries, universities and other institutions, had more than 110 participants in some 35 different Palestinian ministries and institutions. TOKTEN has become one of the primary means by which UNDP provides technical expertise and capacity-building to Palestinian institutions, and has the advantage of fostering closer ties between Palestinians living in the occupied Palestinian territory and the expatriate Palestinian community.

25. Two institution-building projects carried out by UNDP/PAPP were finalized during 1997. The Government Computer Centre premises in Gaza was completed in early 1997, and support was provided in terms of equipment and training for the Palestinian Civil Defence Department.

26. The UNV programme continued to expand its activities in 1997, bringing the total number of UNVs serving in the occupied Palestinian territory to 26. The recruitment of national volunteers stands at 12 volunteers and is growing. UNVs support youth, environmental protection, gender, and peace promotion activities, among others, through a network of youth and women's centres. International UNV specialists are also posted in Palestinian Authority ministries to assist in capacity-building. The UNV White Helmets Initiative involves both national and international volunteers working in teams to maximize transfer of knowledge in sports development, urban planning and geographic information systems.

V. UNDP ROLE IN COORDINATION

27. UNDP/PAPP continued to support UNSCO, which is mandated by the United Nations Secretary-General to facilitate coordination among United Nations programmes and organizations operating in the occupied Palestinian territory. UNDP/PAPP support to UNSCO includes serving as secretariat for several of the sectoral working groups established under the aegis of the Local Aid Coordination Committee to promote and coordinate donor activities, including those in the areas of agriculture, tourism, private sector development and employment generation.

28. In addition to utilizing United Nations agency expertise directly through the execution of selected UNDP/PAPP projects by FAO, WTO, and UNCTAD, UNDP/PAPP cooperates closely with the activities and programmes of other United Nations organizations operating in the occupied Palestinian territory. The close working relationship established between UNDP/PAPP and UNRWA in the large-scale Employment Generation Programme is indicative of such coordinated efforts. UNDP/PAPP, in cooperation with UNSCO, also convenes the gender task force meeting of United Nations agencies and programmes. In addition, due to the particular circumstances of the occupied Palestinian territory, UNDP/PAPP provides administrative and logistical support (such as obtaining visas and

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permits, customs clearance and value added tax reimbursements) for 14 United Nations organizations operating in the occupied Palestinian territory.

29. In cooperation with UNSCO, UNDP/PAPP expanded its efforts to build Palestinian capacities in coordination and development planning in 1997 through its support to the Ministry of Planning and International Cooperation in the formulation of the Palestinian Development Plan, which was considered by the donor community in December 1997 at the World Bank Consultative Group on the West Bank and Gaza. UNDP/PAPP provided six local and expatriate Palestinian experts to assist the Ministry in formulating sectoral development strategies and priority investment projects for the Palestinian Development Plan. Further support to the Palestinian Authority in building development planning and coordination capacities was approved through TRAC 1.1.3 funding for the development of strategic frameworks for cooperation.

VI. EXECUTIVE BOARD ACTION

30. The Executive Board may wish to:

1. Take note of the document DP/1998/17/Add.4;

2. Encourage the international donor community to expand its level of contributions to the UNDP Programme of Assistance to the Palestinian People and to continue to take full advantage of its implementation and delivery capacities, particularly in the context of the large-scale capacity-building programmes that have been formulated with the Palestinian Authority in such areas as human development, agriculture, employment generation, tourism development, rural development, and governance and public administration.