

West Bank and Gaza

The Development Challenge: As seen daily in the news, the conflict in the West Bank and Gaza remains volatile and unpredictable. Already on the decline, the economic and health situation of the Palestinian population took a rapid turn for the worse in April 2002, after a series of terrorist incidents in Israel resulted in retaliatory military action in several West Bank cities and towns. Tens of thousands of Palestinians were cut off from food supplies, medical care, employment and essential services, as closures became more permanent.

Unemployment has increased to more than 50 percent. Some 70 percent of the people in the West Bank and Gaza are living under the official poverty rate of \$2 per day, almost double the percentage reported in last year's Annual Report. A USAID-funded Rapid Nutritional Assessment exposed alarming rates of acute and chronic malnutrition among Palestinian women and children. Palestinian families, meanwhile, report a 51.9 percent decrease in the amount of food they consume and approximately 50 percent of the population require external food assistance to help meet their daily caloric intake.

The incidence of low birth weight has increased, while births attended by skilled health workers have decreased. The incidence of diarrhea is growing due to poor water quality and risk of disease outbreaks remains high because national immunization schedules have been interrupted by curfews, closures, and electricity outages. And, preliminary findings of a USAID-funded Birzeit University survey confirm that the exposure to death, injury, and violence in all its forms plus widespread deprivation are leaving psychological scars, especially among Palestinian children.

The most important challenge that USAID confronts is meeting the immediate and on-going emergency humanitarian needs of Palestinians while not losing focus on medium to long term development goals. Some 73 percent of the Mission's obligations during the last two years were for activities that address urgent and critical needs. As explained in two recent UN reports, the humanitarian situation, deriving principally from the continuation of curfews and closures, is mainly a political problem. Given the continued political stalemate, and the growing humanitarian crisis, USAID anticipates providing vital emergency and humanitarian assistance for at least another 12-18 months. At the same time, USAID is pursuing a robust medium to longer term development program focused on private sector revitalization, political and economic reform consistent with the policy priorities of the administration, and water infrastructure to meet this basic human need. Despite the difficulties, significant results continue to be achieved in all areas.

The USAID Program: The Program Data Sheets cover the six strategic objectives for which USAID is requesting funds. The most costly objectives are increasing water resources and community services, both of which respond directly to problems faced by ordinary Palestinians. The other objectives contain both emergency response and longer-term development components. The Mission will use FY 2003 and FY 2004 funds to implement projects to: ensure efficient development of the private sector, develop new water resources, improve democracy, governance, and the rule of law, increase access for mothers and children to higher quality health care, deliver emergency humanitarian assistance to combat malnutrition, provide basic community services, and ensure access to higher education and training for a broad range of Palestinians. Working closely with State Department and other international donors, USAID has expanded support for major Palestinian reform programs and continues to play a significant role in reform efforts.

Despite the violence and other challenges associated with the situation, the Mission has achieved meaningful results during the past year, has helped avoid a more serious humanitarian crisis from emerging, and has laid the basis for the advancement of important U.S. foreign policy goals such as promoting stability in the region. Because of close cooperation with implementing partners (mostly U.S. Private and Voluntary Organizations (U.S. PVO), and U.S. companies) and intensive coordination with the Israeli government, USAID's strategic focus has been maintained and oversight responsibilities have been uncompromised.

The Department of State and USAID plan to conduct a joint review of the overall strategic direction of the USAID/West Bank/Gaza portfolio and its specific programs in order to ensure that USG funds are most effectively used to encourage Palestinian reform. This review will ultimately entail significant changes in the level of funding of the programs, projects, and activities described in this Budget Justification. After completion of the joint review, USAID will notify Congress through established procedures prior to obligating funds for any revised efforts.

Other Program Elements: At this time, there are no other programs active in the West Bank and Gaza managed by the Pillar nor Regional Bureaus. All programs are funded through the West Bank and Gaza Mission, and are detailed in this Annual Report.

Other Donors: Following a drastic decline in domestic revenue collections (from \$973 million in 2000 to \$250 million in 2002) the Palestinian Authority (PA) has relied on the Arab world and the European Union (EU) for budgetary support. These two donor sources have made combined contributions of nearly one billion dollars over the past two years. Smaller contributions to the PA budget have also been made by the World Bank and Norway. Overall donor funding to the West Bank and Gaza has increased dramatically since the beginning of the Intifada (commitments have doubled from \$973 million in 2000 to an estimated \$2 billion in 2002), with the bulk of the increase going to budgetary support for the PA and humanitarian/emergency relief efforts. USAID's principal donor partners are the EU (emergency response, private sector revitalization, reform of PA institutions, infrastructure projects and Israeli interactions) and the United Nations (employment generation, micro-credit, food assistance). Donor coordination in the West Bank and Gaza is highly developed, with several layers of donor coordination mechanisms. A Task Force on Project Implementation, which includes representatives from USAID, the European Union, the United Nations and the World Bank, works closely with Israeli government officials to facilitate project implementation and field access for the delivery of humanitarian and emergency assistance. The Ad Hoc Liaison Committee (AHLC) is a forum which brings together top level decision makers from all of the key donor organizations who meet regularly to discuss broad policy issues. In 2002, to respond to the unfolding humanitarian crisis, the donors formed the Humanitarian Task Force for Emergency Needs (HFTEN), which provides continual monitoring and analysis of the situation for the benefit of donors, the Palestinians and the Israelis. In July 2002, the Quartet (U.S., EU, UN, Russia) formed the International Task Force on Reform to coordinate donor assistance and monitor progress on Palestinian civil reforms.

West Bank and Gaza PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Economic Support Fund	84,813	72,000	75,000	75,000
Total Program Funds	84,813	72,000	75,000	75,000

STRATEGIC OBJECTIVE SUMMARY				
294-001 Private Sector Development				
ESF	3,752	13,601	10,000	10,000
294-002 Water Resources Development				
ESF	60,384	27,725	30,100	50,036
294-003 Democracy and Governance				
ESF	10,580	11,375	10,150	9,996
294-005 Higher Education and Training				
ESF	5,007	205	2,812	2,968
294-007 Family Health				
ESF	5,090	1,369	21,300	1,250
294-008 Community Services Program				
ESF	0	17,725	638	750

Data Sheet

USAID Mission:	West Bank and Gaza
Program Title:	Private Sector Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	294-001
Status:	Continuing
Proposed FY 2003 Obligation:	\$10,000,000 ESF
Prior Year Unobligated:	\$17,601,000 ESF
Proposed FY 2004 Obligation:	\$10,000,000 ESF
Year of Initial Obligation:	FY 1994
Estimated Completion Date:	FY 2007

Summary: USAID's private enterprise development program is working to expand economic opportunities for Palestinians in the West Bank and Gaza. The program aims to: increase access to financial services both through microcredit programs, and bank and non-bank financial services to the "missing middle"; provide technical assistance to improve access to markets by Palestinian businesses; and provide focused technical assistance to selected economic regulatory institutions, including the Palestinian Monetary Authority, the Ministry of Finance's Internal Audit Department, and the planned Capital Markets Authority. Programs revolve around two major themes, private sector revitalization and reform of Palestinian economic institutions. In particular, assistance to the PA Ministry of Finance's internal audit capability, thereby increasing the level of transparency and accountability in PA finances, and advancing this key area of Palestinian institutional reform.

Inputs, Outputs, Activities:

FY 2003 Program:

Increased Access to Financial Services (\$2,000,000 ESF). USAID will provide funding for two cooperative agreements with Non-Governmental Organizations (NGO) which are providing much needed emergency financial services to microenterprises. Save the Children and CHF. A program of technical assistance to the microfinance industry will continue until September 2003. The principal implementing partner is: Chemonics International.

Increased Access to Markets (\$7,000,000 ESF). Incremental funding will be provided for three contracts. One contract is supporting industrial estate development and investment promotion through technical assistance to develop an information and communication technology incubator in the West Bank and foster linkages between Palestinian firms and potential partners in the United Arab Emirates. Another contract is working to strengthen critical business associations in the areas of organizational development, services delivery and policy advocacy. The business associations assisted are those sectors vital to recovery of the Palestinian economy, including construction services and information technology. A third contract is supporting business revitalization through firm level technical assistance focusing on crisis management and turnaround strategies and providing improved access to financing through a financial facilitation component. The principal implementing partners are: The Services Group (TSG), Development Alternatives, Inc. (DAI), the U.S. Department of Agriculture (USDA), and the Palestinian Trade Center (Paltrade).

Effective Operation of Selected Economic Regulatory Institutions (\$1,000,000 ESF). USAID will continue support for institutions regulating non-bank financial services, including institutional support to a proposed Capital Markets Authority and potential support for the Land Authority in improving opportunities for mortgage finance. In furtherance of reform efforts, USAID will support, through technical/material assistance and training, a restructuring of the newly consolidated Ministry of Economy, Trade and Industry, improved governmental capacity to undertake internal audits and protect against money laundering, and financial markets legal and development initiatives. The principal implementing partners are: Financial Markets International (FMI), Barents/BearingPoint, and Deloitte Touche Tohmatsu (DTT).

FY 2004 Program:

Increased Access to Financial Services (\$600,000 ESF). Incremental funding will be provided to support a microcredit program being implementing through an international PVO in cooperation with a local NGO.

Increased Access to Markets (\$7,500,000 ESF). USAID will provide incremental funding to support business revitalization programs and the further development of business associations supporting business recovery efforts. Further, USAID will stimulate the continued development of the information and communication sector through the issuance of an Annual Program Statement to solicit innovative proposals.

Effective Operation of Selected Economic Regulatory Institutions (\$1,700,000 ESF). USAID will provide incremental funding for financial markets reform through legal and institutional initiatives.

Staff, evaluations, and studies (\$200,000 ESF). In addition to program implementation, FY 2004 will be used for program-funded staff, evaluations and studies.

Performance and Results: USAID programs are continuing to increase the supply of financial services to microenterprises. Beginning in 1996 and through the end of 2002, USAID programs supported the provision of micro loans through both banks and NGO's to 45,000 enterprises valued at \$33 million. For the period 2003 through 2005, another 20,000 enterprises will be assisted through the provision of \$9.2 million in credit. USAID support has created vibrant business associations in the stone and marble industry, pharmaceutical industry, information technology sector, trade/export promotion, and the food and furniture industries. These organizations are achieving self-sustainability and providing valued member services including in the area of policy advocacy. Continued support to trade organizations in the construction services sector, information technology sector and tourism industry, as well as support for the Palestinian Standards Institute will further strengthen economic self-regulatory institutions which are playing a critical role in moving the Palestinian economy toward World Trade Organization (WTO) standards. Major initiatives in business revitalization promise to leverage a minimum of \$50 million in financing for Palestinian businesses. Continued work with economic regulatory institutions are already bearing fruit with new tax regulations in the leasing arena and innovative solutions in mortgage finance and new tools for financial restructuring as an alternative to business liquidation.

US Financing in Thousands of Dollars

West Bank and Gaza

294-001 Private Sector Development	ESF
Through September 30, 2001	
Obligations	61,908
Expenditures	41,229
Unliquidated	20,679
Fiscal Year 2002	
Obligations	14,650
Expenditures	15,888
Through September 30, 2002	
Obligations	76,558
Expenditures	57,117
Unliquidated	19,441
Prior Year Unobligated Funds	
Obligations	17,601
Planned Fiscal Year 2003 NOA	
Obligations	10,000
Total Planned Fiscal Year 2003	
Obligations	27,601
Proposed Fiscal Year 2004 NOA	
Obligations	10,000
Future Obligations	10,000
Est. Total Cost	124,159

Data Sheet

USAID Mission:	West Bank and Gaza
Program Title:	Water Resources Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	294-002
Status:	Continuing
Proposed FY 2003 Obligation:	\$30,100,000 ESF
Prior Year Unobligated:	\$157,125,000 ESF
Proposed FY 2004 Obligation:	\$50,036,000 ESF
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2007

Summary: USAID's program to improve water resources in the West Bank and Gaza includes the construction of wells, pipelines and water distribution systems, including a village water and sanitation program in the West Bank; the construction of a desalination plant and a regional water pipeline in Gaza; the construction of a wastewater treatment plant in Hebron in the West Bank; training and technical assistance in water system and environmental management, including operation and maintenance services and the management of water as a resource; and increased awareness at both the regional and the village level on how to plan, manage, operate and maintain water supply and water distribution systems. The beneficiaries of this program include more than 1,100,000 residents of Gaza and over 500,000 residents of the West Bank.

Inputs, Outputs, Activities:

FY 2003 Program:

West Bank Water Program (\$26,669,000 ESF). USAID will provide incremental funding for change orders arising from the ongoing construction of water infrastructure, including the drilling of wells in the central and northern West Bank. Change orders are normal in infrastructure construction and are caused by changes in topographical conditions, delays, and other unforeseen circumstances. Funds will also be used for the construction of wells and pipelines to add on to previous USAID funded water systems and will include maintenance facilities in the southern and central West Bank. These facilities will house equipment and trained staff to repair and maintain water infrastructure.

USAID will use FY 2003 funds to complete design work for a wastewater treatment plant near Hebron. When completed, this plant will treat industrial and municipal sewage from Hebron and surrounding towns and villages for the first time. Treated effluent will be used to irrigate surrounding lands, improving agricultural production. This plant is highly desirable for the Palestinian residents of the area and also for Israeli residents of towns and cities, principally Beersheva, who live downstream of the Hebron watershed into which untreated effluent currently flows. USAID will complete the design of the plant, and will incrementally fund work on its construction over 2004-2006.

USAID will use FY 2003 funds to complete the design and begin construction of an extensive series of transmission lines, wells, and booster stations that, within 16 to 18 months of inception, will bring potable water to thousands of people living in villages in the southern and western West Bank near Hebron. This integrated water supply and end use project will include village-level training efforts to increase awareness of the environment, the impact water use has on it, better and healthy water use practices, and environmentally sound water reuse. The principal implementing partner is: CH2MHill. Others are to be determined (TBD).

Gaza Water Projects (\$3,431,000 ESF). USAID will fund the rehabilitation of approximately half the wells in Gaza City - major sources of drinking water for residents. Building on the results of a USAID-funded survey, USAID and the World Bank will strengthen the sustainability of Gaza municipalities by installing agricultural water meters in all farms in Gaza. These meters will allow municipalities to charge for water

in a transparent and equitable fashion, improve the monitoring and control of water extracted from the aquifer, and promote water efficiency through market mechanisms.

As previously notified to Congress, USAID will award two contracts for the construction in Gaza of a desalination plant and a regional water carrier. These two large water infrastructure projects will bring potable water to the more than 1,100,000 residents of the Gaza Strip for the first time. These projects will have a monumental impact on the daily lives of people in Gaza, not least of which will be availability of clean water to all. FY 2003 and prior year funds will pay for construction management activities for oversight and management of these construction contracts. The principal implementing partner is: Metcalf and Eddy. Others are to be determined.

FY 2004 Program:

West Bank Water Program (\$48,981,000 ESF). Funds will be used to support construction of new well facilities, booster stations, and pipelines to complement work currently being undertaken near Bethlehem, Beit Sahour, Hebron, Halhoul and south in the West Bank. To support this, construction management funds will also be needed.

USAID will use FY 2004 New Obligating Authority (NOA) to incrementally fund work on the Hebron Wastewater Treatment Plant. FY 2004 funds also will be used to continue construction of the extensive transmission system that will bring potable water to the houses of thousands of residents of the area south of Hebron. This will be coupled with extensive village-level training on environmentally sound end use of water and sanitation methods.

Gaza Water Projects (\$1,055,000 ESF). Construction management of the two large Gaza water infrastructure projects, the desalination and regional water carrier, will continue with incremental funding in FY 2004.

Performance and Results: In the West Bank, USAID provided funds for the repair and replacement of key elements of the damaged West Bank's water system. Speedy USAID-funded repairs allowed hundreds of thousands of West Bank residents - already suffering from chronic drought conditions - to receive reliable supplies of water. In Bethlehem and Hebron, USAID completed drilling 3 large production wells, finalized 7 monitoring wells, inaugurated 2 major pumping stations, and laid approximately 95% of the transmission lines required under its major West Bank water program. As a result of these achievements, residents of Hebron and Bethlehem will benefit from more than 6 million cubic meters per year in additional water resources, almost doubling their water supply and thus bringing much of the population there in line with the World Health Organization (WHO) water consumption recommendations.

USAID produced a Gaza aquifer model allowing scientists to better understand where the greatest damage to the aquifer has taken place, set up a monitoring system to help prevent over-pumping, supported the rehabilitation of existing wells to ensure that they produce clean water, and developed a large infiltration basin that injects an additional 10 million cubic meters of "harvested" rain water each year into the aquifer. USAID partners completed the designs of a desalination plant and a 135 kilometers (83 miles) "backbone" water carrier that will mix and transport water throughout Gaza. USAID programming, in concert with other donors, has expanded the amount of wastewater treatment available to Gazans, significantly improving health and hygiene and promoting the reuse of treated wastewater for agriculture.

US Financing in Thousands of Dollars

West Bank and Gaza

294-002 Water Resources Development	ESF
Through September 30, 2001	
Obligations	245,089
Expenditures	188,265
Unliquidated	56,824
Fiscal Year 2002	
Obligations	23,436
Expenditures	40,190
Through September 30, 2002	
Obligations	268,525
Expenditures	228,455
Unliquidated	40,070
Prior Year Unobligated Funds	
Obligations	157,125
Planned Fiscal Year 2003 NOA	
Obligations	30,100
Total Planned Fiscal Year 2003	
Obligations	187,225
Proposed Fiscal Year 2004 NOA	
Obligations	50,036
Future Obligations	50,036
Est. Total Cost	555,822

Data Sheet

USAID Mission:	West Bank and Gaza
Program Title:	Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	294-003
Status:	Continuing
Proposed FY 2003 Obligation:	\$10,150,000 ESF
Prior Year Unobligated:	\$9,469,000 ESF
Proposed FY 2004 Obligation:	\$9,996,000 ESF
Year of Initial Obligation:	FY 1996
Estimated Completion Date:	FY 2007

Summary: USAID West Bank and Gaza supports a program of broad-based democratic development through: financial and technical assistance for Palestinian Civil Society Organizations (CSO) to promote public discourse and improve oversight of public institutions; technical and limited material assistance to the Palestinian Council to improve the capacity and responsiveness of key legislative staff, offices, and committees; and activities that strengthen the rule of law, including enhancing prosecutorial capacity, improving the efficiency of Palestinian courts, increasing the use of alternative dispute resolution, and modernizing the curriculum and teaching practices of Palestinian law schools. As with all other USAID-funded activities in the West Bank and Gaza, consistent with legislative requirements, no financial assistance, including budget support or cash is given to the Palestinian Authority or the PLO.

Inputs, Outputs, Activities:

FY 2003 Program:

Strengthen local CSOs to ensure proper oversight of public institutions (\$6,150,000 ESF). These funds will be used in FY 2003 to improve local CSO capacity in the areas of policy analysis, communication, leadership skills, strategic planning, financial management, and conflict resolution. Assistance will include direct grants to local CSOs, workshops, and consultative meetings. These interventions support the Palestinian reform process, promote discourse in public decision-making, and strengthen local CSO capacity to oversee public institutions. USAID support will also be provided to strengthen the political leadership skills of Palestinian women. The principal implementing partners are: Chemonics International, the Academy for Educational Development (AED), Search for Common Ground (SCG), the International Republican Institute (IRI), the Palestinian Academic Society for the Study of International Affairs (PASSIA), and the Consortium for Election and Political Process Strengthening (CEPPS).

Improve the capacity of the Palestinian Legislative Council (\$500,000 ESF). USAID will assist the Council to draft, review and approve legislation, provide oversight of the Executive Branch, improve constituent relations, and strengthen internal administration. Although USAID will cease technical assistance to the Palestinian Legislative Council in the second quarter of FY 2003 -- pending the outcome of Palestinian elections -- the Mission will design a next phase program to support a future Palestinian legislative body. During a projected gap in assistance in the second and third quarters of FY 2003, USAID may provide up to \$1 million in previous year ESF for ad hoc support to the Palestinian Legislative Council to support specific reform initiatives. The principal implementing partner is: the Associates in Rural Development (ARD).

Strengthen the rule of law to promote Palestinian reform, an independent judiciary, and broad-based economic growth (\$3,000,000 ESF). These funds will be used in FY 2003 to improve the rule of law by building management and administrative capacity within the judicial system, increasing professionalism of the legal community, improving the curriculum and teaching capacity in law schools, and providing support for alternative dispute resolution centers. The principal implementing partner is: DPK Consulting.

Support for a decentralized local government structure (\$250,000 ESF). USAID may provide limited assistance to strengthen the management capacity of local government officials and village leaders in FY 2003 through training and workshops and other programs to further decentralize local government decision-making. USAID's implementing partner has yet to be selected.

Support for free and fair Palestinian elections (\$250,000 ESF). USAID will strengthen a recently appointed independent elections commission, promote political party development, and ensure elections monitoring for free and fair elections. The principal implementing partners are: the National Democratic Institute (NDI), the International Republican Institute (IRI), and the International Foundation for Electoral Systems (IFES).

FY 2004 Program:

Strengthen local CSOs to ensure proper oversight of public institutions (\$8,100,000 ESF). USAID will provide incremental funding to the TAMKEEN project for grants to local CSOs in support of broadened public discourse on proposed Palestinian reforms - including elections.

Improve the capacity of a new Palestinian Legislative Council (\$300,000 ESF). Pending the outcome of elections for a new Palestinian Legislative Council (PLC), it is envisioned that USAID will provide technical assistance in FY 2004 to strengthen the new PLC's capacity to develop legislation and oversee the executive branch.

Strengthen the rule of law to promote Palestinian reform, institutional transparency, and broad-based economic growth (\$1,596,000 ESF). In FY 2004, USAID will provide incremental funding to its on-going rule of law program to: improve prosecutorial capacity, make more efficient Palestinian courts, increase the use of alternative dispute resolution methods, and improve the administration and teaching at Palestinian law schools. USAID will also provide support to specialized bar groups to improve their ability to advocate for legal and regulatory reform.

Performance and Results: USAID has provided significant assistance to Palestinian CSOs to strengthen the role of public discourse in the decision-making process and increase the capacity of CSOs to provide oversight of public institutions. Over the past twelve months, USAID has provided 75 grants to local CSOs. Specific results include the introduction of civic education in the Palestinian curriculum, the promotion of conflict resolution skills for youth, and improved financial management systems and strategic planning capabilities of local CSOs. USAID has also provided significant support to the PLC to promote key elements of the reform process. USAID assistance and training has established a comprehensive legislative structure, improved outreach to constituents, and systematized record-keeping. Over the past twelve months, USAID assistance supported eight Legal Committee workshops that proposed changes to the National Elections Laws and a pre-election assessment conducted by three prominent U.S. PVOs. USAID support to strengthen the rule of law includes activities focused on improving the law schools, the judicial system and legal profession. Assistance to Palestinian courts has resulted in the development of a second phase automated case-tracking system. This system will be used in up to eight pilot courts in the West Bank and Gaza. The system gives law students and professors access to a specialized database on Palestinian law. USAID supported judicial training for more than 27 recently appointed judges and several new prosecutors to promote a civilian judicial system that is fair and efficient. Two alternative dispute resolution centers have been opened with USAID support and are currently receiving commercial cases.

US Financing in Thousands of Dollars

West Bank and Gaza

294-003 Democracy and Governance	ESF
Through September 30, 2001	
Obligations	69,051
Expenditures	44,972
Unliquidated	24,079
Fiscal Year 2002	
Obligations	13,185
Expenditures	14,722
Through September 30, 2002	
Obligations	82,236
Expenditures	59,694
Unliquidated	22,542
Prior Year Unobligated Funds	
Obligations	9,469
Planned Fiscal Year 2003 NOA	
Obligations	10,150
Total Planned Fiscal Year 2003	
Obligations	19,619
Proposed Fiscal Year 2004 NOA	
Obligations	9,996
Future Obligations	9,996
Est. Total Cost	121,847

Data Sheet

USAID Mission:	West Bank and Gaza
Program Title:	Higher Education and Training
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	294-005
Status:	Continuing
Proposed FY 2003 Obligation:	\$2,812,000 ESF
Prior Year Unobligated:	\$25,232,000 ESF
Proposed FY 2004 Obligation:	\$2,968,000 ESF
Year of Initial Obligation:	FY 2000
Estimated Completion Date:	FY 2007

Summary: USAID's higher education program is working to increase higher education and training opportunities for Palestinians in the West Bank and Gaza. The program's new Higher Education and Support Initiative (HESI) aims to respond to critical and immediate needs, as well as on-going difficulties affecting local universities and colleges, and provide training for students, academics, and professionals. The U.S. and Palestinian University Linkage activity (UPLINK), which includes seven partnerships between U.S. and West Bank and Gaza universities, and the independent Utah State-Arab American University in Jenin Linkage, aim to assist local higher education institutions in capacity development partnerships. The proposed Scholarship Endowment is scheduled to begin sending talented West Bank/Gaza scholars to the U.S. for master's level study in fall 2004 in fields of study critical to the development of a viable Palestinian state.

Inputs, Outputs, Activities:

FY 2003 Program:

Higher Education Support Initiative (HESI) (\$2,812,000 ESF). Through a contract with the Academy for Educational Development (AED) from August 2002 to August 2005, USAID is managing this new multi-faceted activity that will support increased access to higher education and training through several components:

-- HESI will maintain 81 masters degree candidates studying in the U.S. through May 2005. It will also focus on providing in-depth reentry follow on, mentoring, and job placement support for scholars returning to the West Bank and Gaza.

-- HESI will strengthen West Bank/Gaza institutions of higher learning and help maintain enrollments by providing local scholarship assistance to talented and needy students in fields that meet immediate and critical needs such as physical therapy, psychology, social work, nursing, information technology (IT), Teachers of English as a Second Language (TESL), environmental sciences, and more. During 2003 and 2004, at least 300 local undergraduate students will benefit from up to four semesters of tuition only scholarships at Palestinian universities. Approximately 80 vocational/community college students will receive up to two semesters of tuition assistance at two-year institutions in the West Bank and Gaza. All students will be asked to contribute 30 hours per semester of volunteer community service to their respective institutions in addition to maintaining good GPAs in order to be eligible to renew their scholarships.

-- Based on the success of similar training opportunities last year, together with the continued need for training in IT and other sectors critical to the economic development of the West Bank/Gaza, the Higher Education Support Initiative will also provide an estimated 150 IT and ten local short-term needs based training opportunities to potential private and public sector leaders, managers, academics, and technical professionals. This training will take place primarily in the West Bank/Gaza, although occasional third country, short-term training may be offered when appropriate and cost effective.

-- To assess long-term local higher education and training needs and help formulate planning for future training activities, HESI will conduct an in depth needs assessment survey from January to August 2003. Three higher education consultants (one U.S., two Palestinian) will conduct the research and submit results and recommendations to USAID.

U.S.-based scholarships (\$24,988,000 ESF Prior Year Unobligated). In FY 2003, USAID will develop an endowment mechanism that will provide multi-year funding for U.S.-based scholarships for Palestinian graduate students.

FY 2004 Program:

Higher Education Support Initiative (HESI) (\$2,968,000 ESF). USAID will provide funding to continue to: maintain approximately 67 masters degree candidates currently in the U.S. through May 2005, and provide reentry follow on, mentoring, and job placement support for those students returning to West Bank/Gaza during FY 2004; support the strengthening of local institutions of higher education by providing undergraduate and community college tuition scholarships to talented and needy two and four year Palestinian students; and support approximately 150 local IT and ten primarily local short term training opportunities.

Performance and Results: USAID programs are continuing to increase access to higher education and training for Palestinian scholars and professionals. Through the end of 2002, USAID provided master's scholarships to 90 Palestinian talented graduate scholars for study in the U.S. Thirty percent of these scholars were women. Almost all scholars have adapted well and excelled in their programs, with GPAs from 3.2 to 4.0. Many have received honors, awards, participated in community outreach, internships, and are establishing professional linkages. Most have become resources, spokespersons, and student ambassadors on their U.S. campuses and in their adopted communities to help promote better understanding between the two cultures. Another 122 professionals received advanced short-term training in their fields: 72 trained in IT in the West Bank and Gaza, and 50 participated in business internships and short - term training mainly in the U.S. The seven U.S.-Palestinian university partnership linkages (UPLINK) continued to work toward their targets, with some modifications in approaches and timelines to accommodate on the ground challenges.

USAID programs are providing Palestinian scholars and professionals with unique opportunities at a crucial time for the West Bank and Gaza. They have been able to interact with U.S. counterparts and academics, either virtually or in real time, and to make tangible contributions on and outside their campuses and workplaces. They are gaining skills that will strengthen their communities and institutions. The intangible impact of this program is the hope for a better future, the enthusiasm, courage, leadership, and determination to succeed that our scholars and trainees have shown in spite of daily political, logistical, and other challenges faced.

US Financing in Thousands of Dollars

West Bank and Gaza

294-005 Higher Education and Training	ESF
Through September 30, 2001	
Obligations	108,229
Expenditures	95,524
Unliquidated	12,705
Fiscal Year 2002	
Obligations	9,408
Expenditures	7,824
Through September 30, 2002	
Obligations	117,637
Expenditures	103,348
Unliquidated	14,289
Prior Year Unobligated Funds	
Obligations	25,232
Planned Fiscal Year 2003 NOA	
Obligations	2,812
Total Planned Fiscal Year 2003	
Obligations	28,044
Proposed Fiscal Year 2004 NOA	
Obligations	2,968
Future Obligations	2,968
Est. Total Cost	151,617

Data Sheet

USAID Mission:	West Bank and Gaza
Program Title:	Family Health
Pillar:	Global Health
Strategic Objective:	294-007
Status:	
Proposed FY 2003 Obligation:	\$21,300,000 ESF
Prior Year Unobligated:	\$1,369,000 ESF
Proposed FY 2004 Obligation:	\$1,250,000 ESF
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2007

Summary: USAID's health program in the West Bank and Gaza is working to improve and sustain the overall performance within the primary health care system. The program aims to improve the quality of maternal and child health and nutrition services, improve the knowledge, attitudes, and practices related to maternal and child health, nutrition and well-being, improve the local capacity to meet health, nutrition, and psycho-social needs arising from the on-going crisis through sub-grant programming, and to provide health and food commodities. An integrated maternal and child health and nutrition program focuses on establishing pilot maternity homes, physically upgrading and equipping clinics, improving the clinical performance and counseling of service providers, providing sub-grants to Palestinian health NGOs, conduct research, and develop and communicate information for priority health concerns. Emergency health programming, another major component of USAID's health portfolio, includes community psychosocial support initiatives, procurement of emergency medical equipment, supplies, and pharmaceuticals, training in emergency medical and trauma case management as well as training of social workers, teachers, and parents to provide quality psychosocial programming and counseling, operational support for food assistance programs, sub-grants to Palestinian NGOs, monitoring, assessing, and distribution of health and nutrition indicators, and procurement of vaccines and supplies. Women, children, and youth are the key beneficiaries of this program.

Inputs, Outputs, Activities:

FY 2003 Program:

Maternal and Child Health and Nutrition (\$4,861,000 ESF). Incremental funding will be provided for the Mission's flagship primary health care contract to improve the availability of quality maternal and child health and nutrition services, including procurement of medical equipment, supplies, vitamins and minerals, the management of Palestinian NGOs and institutions to meet maternal and child health and nutrition needs, and the adherence to treatment and counseling standards, practices and procedures. The principal implementing partners are: IBM and formerly PricewaterhouseCoopers. All family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City Policy.

Emergency Medical Assistance (\$8,000,000 ESF). USAID will continue support to improve the Palestinians' capacity to meet emergency health and nutrition needs arising from the crisis. This will include training, health and nutrition monitoring and research to ensure the availability of reliable information for decision makers to set policies and priorities, the procurement of medical equipment, supplies, and pharmaceuticals, and sub-grants that maintain the operational capacity of local rehabilitation and emergency organizations. Pending a mid-term assessment, USAID may provide additional funds to an existing cooperative agreement or issue a request for applications for a Phase II emergency medical assistance program. The principal implementing partner is: CARE International.

Food Security and other Emergency Assistance (\$8,194,000 ESF). Based on findings from an upcoming Food Security Assessment and forthcoming appeals, USAID will continue its support for the distribution of basic food parcels and vouchers to the most vulnerable non-refugees and families in dire need. USAID's

contributions cover operational expenses rather than actual food procurement. The principal implementing partners are: the World Food Program (WFP), the International Committee of the Red Cross (ICRC), and other UN Agencies as appropriate.

Staff, evaluations, and studies (\$245,000 ESF). In addition to program implementation, FY 2003 funds will be used for program funded staff, evaluations and studies.

FY 2004 Program:

Maternal and Child Health and Nutrition. A two year option period will be negotiated allowing for incremental funding by the Mission towards this flagship primary health care contract to improve the availability of quality maternal and child health and nutrition services, including procurement of medical equipment, supplies, vitamins and minerals, the management of Palestinian NGOs and institutions to meet maternal and child health and nutrition needs, and to improve the adherence of treatment and counseling standards and practices and procedures.

Emergency Medical Assistance. Should the current political situation remain status quo or worsen in FY 2004, USAID will continue support through a cooperative agreement mechanism to improve the Palestinians' capacity to meet emergency health and nutrition needs. Health and nutrition monitoring and research would continue with an additional focus of integrating monitoring systems into a PA institution for sustainability. Based on need, the procurement of medical equipment, supplies, and pharmaceuticals and sub-grants to Palestinian organizations will continue.

Community Psychosocial Support. Should the current political situation remain status quo or worsen in FY 2004, USAID will continue support through a cooperative agreement mechanism to respond to psychosocial support needs of children and youth. Based on the findings of an evaluation of the current psychosocial support program, continued support to the existing implementer or a request for applications would be issued.

Food Security and other Emergency Assistance (\$1,000,000 ESF). Should the current political situation remain status quo or worsen in FY 2004, USAID will continue support through a grant mechanism to respond to food requirements of the most vulnerable non-refugee populations. USAID's contributions would continue to cover operational expenses rather than actual food procurement unless implementers choose to procure food from the U.S.

In addition to program implementation, \$250,000 ESF of FY 2004 funds will be used for program funded staff, evaluations and studies.

Performance and Results: USAID's health programs continue to improve and sustain performance in the health system (utilization, coverage, and continuity of care), even in the midst of a disastrous humanitarian crisis. Through the end of FY 2002, USAID procured medical equipment, supplies, and pharmaceuticals valued at approximately \$5.25 million supporting over 100 of the most utilized clinics and hospitals throughout the West Bank and Gaza. Included in the equipment were 50 maternity kits and 100 delivery kits for home deliveries and rural-based deliveries ensuring safe home deliveries and quality of care to approximately 550 mothers and newborns that could not access urban-based birthing centers. An internationally recognized nutritional assessment was undertaken revealing critical rates of malnutrition amongst children ages 6 - 59 months and anemia in women of childbearing age. The results of this assessment lead to the development of a first ever PA nutritional strategy as well as policy changes in feeding programs by the international community. Over 16,000 Palestinian children were beneficiaries of play and art therapy, while over 4,000 parents, teachers, and other caregivers benefited from group sessions and training on how to meet children's basic psychosocial needs. An estimated 15,000 children benefited from 100 USAID-sponsored summer camps. Approximately 17,000 MT of food commodities were distributed to approximately 470,000 persons through the assistance of USAID financing.

US Financing in Thousands of Dollars

West Bank and Gaza

294-007 Family Health	ESF
Through September 30, 2001	
Obligations	10,377
Expenditures	253
Unliquidated	10,124
Fiscal Year 2002	
Obligations	24,860
Expenditures	8,077
Through September 30, 2002	
Obligations	35,237
Expenditures	8,330
Unliquidated	26,907
Prior Year Unobligated Funds	
Obligations	1,369
Planned Fiscal Year 2003 NOA	
Obligations	21,300
Total Planned Fiscal Year 2003	
Obligations	22,669
Proposed Fiscal Year 2004 NOA	
Obligations	1,250
Future Obligations	1,250
Est. Total Cost	60,406

Data Sheet

USAID Mission:	West Bank and Gaza
Program Title:	Community Services Program
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	294-008
Status:	Continuing
Proposed FY 2003 Obligation:	\$638,000 ESF
Prior Year Unobligated:	\$17,214,000 ESF
Proposed FY 2004 Obligation:	\$750,000 ESF
Year of Initial Obligation:	FY 1999
Estimated Completion Date:	FY 2005

Summary: USAID's Community Services Program (CSP) aims to improve the quality and delivery of public services while increasing critically needed income through the creation of immediate short-term employment opportunities. Grants are provided to U.S. PVOs, Public International Organizations (PIO) and local NGO partners to implement labor-intensive infrastructure programs in sectors such as education, health, water and sanitation. USAID also supports humanitarian relief efforts through grants to the UN Relief and Works Agency (UNRWA) and support to local NGOs.

Inputs, Outputs, Activities:

FY 2003 Program:

Employment Generation Grants (\$638,000 ESF). In FY 2003, the remaining Community and Rural Services Program (CRSP) grants will be closed, and three of seven Villages Service Program (VSP) grants, four of six Emergency Employment Generation Program (EEGP) grants and USAID's current support to UNRWA will also end. Implementation of VSP and EEGP activities will, however, continue throughout the year. All nine Job Opportunities through Basic Services (JOBS) Program grants awarded at the end of FY 2002 will mobilize. Community Services Program partners include: ANERA, Catholic Relief Services, Cooperative Housing Foundation, Save the Children, World Vision, UNDP, CARE, Mercy Corps, YMCA, International Orthodox Christian Charities, International Youth Foundation and United Palestinian Appeal.

While no new money will be obligated to the following four activities, they will continue in FY 2003 with \$17,214,000 ESF Prior Year Unobligated resources:

-- Improved Physical Infrastructure. USAID's partners will continue to implement small to medium size infrastructure programs, which include but are not limited to the construction, expansion or renovation of local infrastructure such as classrooms, youth centers, roads and health clinics. Partners will work closely with municipalities to ensure that new and improved infrastructure will fit within community priorities and long-term plans and will be appropriately maintained. With the emphasis on labor intensive approaches, infrastructure projects are expected to yield significant employment opportunities besides other tangible improvements such as reduced overcrowding in schools, new playgrounds, potable water and cleaner, healthier environs.

-- Improved Delivery of Community Services. Through technical assistance, training and public awareness campaigns, municipal workers, local councils and members of the public will acquire planning, management and maintenance skills for the delivery of quality community services. Beneficiaries will receive hands on experience in participatory governance, economic development planning, contracting services and project oversight skills. Further, the capacity of local governments to engage capable professional NGOs as service providers will be strengthened.

-- Improved Income Generation. USAID will continue to monitor and support activities that focus on increasing the employability of the workforce and introducing emergency employment opportunities.

Approximately 85,000 trainee hours of vocational training will be provided to enhance skills of job seekers in the private sector. Labor intensive activities are expected to yield and estimated 170,000 person/days of employment.

-- Enhanced Access to Humanitarian Relief. USAID will continue to support humanitarian activities implemented by UNRWA and ARD. UNRWA supports the refugee population in the West Bank and Gaza through provision of basic services including food and medical care, and short-term employment opportunities to the rapidly growing number of people who have lost their sources of income. The RAFEED project managed by Associates in Rural Development (ARD) provides humanitarian and emergency assistance to Palestinians through local NGOs. USAID's grant agreement with UNRWA will terminate December 2002.

FY 2004 Program:

Employment Generation Grants (\$450,000 ESF). In FY 2004, the remaining VSP and EEGP grants will come to a close, as will five of the nine JOBS grants. The emphasis will remain on employment generation through the delivery of improved community services. Several U.S. PVOs and one PIO are implementing JOBS programs including: the Cooperative Housing Foundation (CHF), World Vision, Mercy Corps, Catholic Relief Services, the YMCA, the United Nations Development Program (UNDP), American Near East Refugee Aid (ANERA), and Save the Children.

Staff, evaluations, and studies (\$300,000 ESF). In addition to program implementation, FY 2004 resources will be used for project staff funding, evaluations and studies.

Performance and Results: USAID's CSP continues to improve community services in rural and urban areas of the West Bank and Gaza, despite delays in program implementation due to closures, curfews and difficult conditions caused by military incursions. With some adjustments, CSP partners have come close to meeting targets set prior to the military operations that began in March 2002. For example, through FY 2002, 213 kilometers (132 miles) of roads were constructed exceeding the planned figure of 191 kilometers (118 miles). Sixty-seven youth centers were renovated exceeding the planned figure of 65. However, in other sectors, results fell short of expectations. Three hundred and seventeen classrooms were constructed/renovated rather than the planned 468 classrooms. A total of 74,250 trainee-hours in short-term vocational training courses were conducted of the 82,953 trainee-hours planned. Overall, despite severe impediments, the CSP performed better than expected.

US Financing in Thousands of Dollars

West Bank and Gaza

294-008 Community Services Program	ESF
Through September 30, 2001	
Obligations	100,830
Expenditures	6,431
Unliquidated	94,399
Fiscal Year 2002	
Obligations	95,497
Expenditures	59,989
Through September 30, 2002	
Obligations	196,327
Expenditures	66,420
Unliquidated	129,907
Prior Year Unobligated Funds	
Obligations	17,214
Planned Fiscal Year 2003 NOA	
Obligations	638
Total Planned Fiscal Year 2003	
Obligations	17,852
Proposed Fiscal Year 2004 NOA	
Obligations	750
Future Obligations	750
Est. Total Cost	215,679